FOREIGN AFFAIRS

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FOREIGN RELATIONS OF THE UNITED STATES, 1921-1924

By Henry Cabot Lodge

PARTLY for political and partly for other purposes, the allegation has constantly been made that during the past three years nothing has been done by the United States in the great field of international relations. The endeavor has been to make this assertion about our abstention from foreign questions a common-place. Politically it was intended by the Democrats to reflect upon the party in power as having no policy and doing nothing, and also to cover up and conceal their own well-grounded fear of having the old issue of the League of Nations pressed into the field of party conflict. The other purpose which it served was to sustain the proposition that, because we were not members of the League of Nations and were not entangled in European affairs, therefore we were incapacitated from taking part in any international questions at all, and that the one solution for all the difficulties was that we should join the League of Nations and immerse ourselves in the quarrels of Europe.

These amiable purposes, political and international, overlooked two points. One was that there was a rather considerable field of international questions and international activities outside of Europe,—not as important, perhaps, as Europe, but including Asia, Africa, and the two Americas, which, however inconsiderable in comparison with Europe, nevertheless had some questions of their own which were of a world interest. In the Far East, in China, and the Pacific Islands results of great practical importance have been achieved, while in South America the diplomacy of the United States has been correspondingly active. The allegation of inactivity also overlooked the more immediate fact that in the general field of foreign relations the United States during these three years had been unusually effective and successful. I have no intention of discussing the

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much-argued question of the League of Nations, but it seems to me perhaps not inappropriate at this moment, in view of these assertions, to state briefly what has actually been done by the United States in the international field. A comparison with past years, I think, will show that, excepting those brief periods when the United States was engaged in making peace after a war, there never has been a period when the United States has been more active and its influence more felt internationally than between 1921 and 1924. That what has been done by us in foreign relations should not have been suitably noticed or adequately understood is natural enough, because foreign affairs are apt to be pushed aside, even since the Great War, by domestic questions which occupy the public mind, just as the public attention has been during the past winter entirely absorbed by the bill to reduce taxation, the bonus, and the investigations. This fact, however, does not deprive questions affecting our international relations of either their consequence or their lasting interest.

Beginning with March, 1921, we find that we settled our differences with Colombia, which had existed from the time when we took over the Isthmus of Panama. We secured from Colombia the recognition of the Republic of Panama, a matter of much importance to the situation existing between those two countries, which more or less affected both South America and the United States, and thus the treaty ended the difficulties which had surrounded our relations with Colombia.

We have also made a formal peace with Germany and with what remains of the Austro-Hungarian Empire. Actually, war had ceased with the Armistice, but the technical state of war continued until these treaties were made, and a technical state of war is never a wholesome condition of international relations. The making of the formal peace, therefore, with the two countries with which we had been at war, had a stabilizing effect on the general European situation and upon the financial conditions of the world. These two treaties were also in a high degree favorable in their terms to the United States. We not only made peace, but Germany assented to the payment of American claims against the German Empire and both countries agreed that we should be at liberty to take advantage of any provision in the treaty of Versailles which we thought beneficial to us, if we desired to do so.

Then came the Conference summoned by President Harding

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at Washington. Congress passed a resolution introduced by Senator Borah requesting the President to enter into negotiations with Great Britain and Japan in regard to the reduction of naval armaments, but the President, who was already considering the subject, very wisely extended the scope of the Conference to questions arising in the Far East, including especially China and the islands of the Pacific. The Conference met on the 12th of November, 1921. It was in session nearly three months, made six treaties, and passed a number of resolutions, chiefly for the benefit of China.

The most important of these treaties was that known as the Four-Power Treaty between the United States, Great Britain, France, and Japan. It related to the Pacific Islands controlled by those four Powers. It provided that they should respect each other's rights in the islands and that if controversies arose they should be the subject of conference and consideration before any action was taken. The last clause provided for what was by far the most important result of the treaty, the termination of the Anglo-Japanese Alliance when the Four-Power Treaty was ratified by all the signatories, which has now taken place. This treaty is in no sense an alliance. It does not bind any Power to do more than discuss the controversial questions, whether arising from controversies among themselves or from the interference of some outside Power. This is all the treaty says and all it intends; but as some suggestion was made that under Article II, referring to the interference of other Powers, it might be possible that we should find ourselves in some way morally bound, the Senate added a reservation, as follows:

"The United States understands that under the statement in the preamble or under the terms of this treaty there is no commitment to armed force, no alliance, no obligation to join in any defense."

In the opinion of the makers of the treaty the reservation was not necessary, because in their judgment that was the clear meaning of the treaty in any event and the signers did not believe it could be twisted into any other meaning. There can be no doubt, however, that the termination of the menacing Anglo-Japanese Alliance was of the utmost importance to the future peace of the world.

The Four-Power Treaty and the Supplementary Treaty, defining the islands included in its provisions, constituted two of

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the treaties made by the Conference. This was the most important part of the work of the Conference in its effects and made possible the agreement between the five Naval Powers, the United States, Great Britain, France, Italy, and Japan, as to the reduction of naval armaments. Within the limits of a necessarily brief account of the work of the Conference, it is impossible to go into the details of this very complicated naval treaty, but it is sufficient to say here that it reduced largely the number of capital ships for each nation. It stopped any further building of capital ships, except for replacement, and limited the calibre of the guns to be used and the tonnage of the vessels. In this way not only are large reductions made and the burden of naval armaments correspondingly decreased, but naval competition in guns and tonnage is brought to an end. The naval treaty also contained an agreement not to fortify the islands of the Pacific, with certain enumerated exceptions. Major-General Sir Frederick Maurice, a strong supporter of the League, in an article which appeared in the *Contemporary Review* of May, 1923, says: "The one effective step which has been taken in the past few years towards the reduction of armaments has been the Washington Conference, with which the League of Nations had no concern, and by which a material diminution in the standing navies of the principal naval Powers was obtained and a limit was put to the costly process of competitive shipbuilding."

I am far from suggesting that this is all that ought to be accomplished in the way of international disarmament, which is the only kind of disarmament that is possible or even to be considered. Much remains to be done. The objection of France to the limitation on submarines prevented the Conference from agreeing to any reduction in regard to submarines or auxiliary vessels, although we limited the tonnage of the latter and the calibre of guns which could be carried by any ships of war not capital ships. The great merit of the Conference was that it did not simply talk about disarmament but actually accomplished specific results which were agreed to by the three great maritime Powers and also by Italy and France.

In conjunction with the naval treaty was a treaty limiting the use of submarines and prohibiting their employment for the destruction of merchant vessels. The five maritime Powers present joined in the declaration that any commander of a submarine sinking a merchant vessel in disregard of the rules of

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international law, which were recited, should be held to be a pirate and subject to the consequent personal punishment awarded by all nations to the crime of piracy. In this treaty also was contained a clause inviting all nations to join in the prohibition of poisonous gases in war.

Two Chinese treaties completed the number of six, which represented the total work of the Conference. One of these treaties arranged for a new tariff for China, calculated to give her a much larger revenue than she now is enabled to derive from that source, and the other was an agreement among the signatory powers to recognize China's political and territorial integrity and was otherwise devoted to the maintenance of the open door and the prevention of the acquisition of special rights by any of the signers. In addition, the Conference passed several resolutions, as has already been said, which will be very beneficial to the liberation of China and the establishment there of a strong and generally recognized free government. This was a service to the general peace of the world of real moment. We have had no international agreement which has practically accomplished as much for the peace of the world as the work of the Conference which met at Washington, although it applies only to the Far East and to the islands of the Pacific. These treaties have been ratified by all the nations present, nine in number.

There were also some important treaties, not made by the signatory powers of the Conference but growing out of the Conference, which were quite as valuable as those which the members of the Conference signed themselves. One was the treaty between Japan and China which was due to the good offices of the United States and Great Britain and by the terms of which Japan withdrew from Shantung and thus wiped out the unfortunate agreement in regard to that province which appeared in the treaty of Versailles. Another treaty was that between the United States and Japan which settled the questions in regard to cables, growing out of the possession of the Island of Yap and the Japanese mandate for the former German islands in the Pacific north of the Equator. These two treaties, each having only two signatories, have been not only ratified but ratifications have been exchanged. They are now in effect and the Japanese troops have been withdrawn from Shantung.

In completion of the work of the Conference, the Lansing-

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Ishii Agreement, which had been the cause of very grave disputes and was a very threatening feature as well as a stumbling block in the situation in the Far East, was cancelled by the exchange of notes between Mr. Hughes and Mr. Hanihara, now Ambassador of Japan to the United States.

After the conclusion of the Conference and the ratification by the Senate of the treaties made by the members of the Conference in the spring of 1922, came the meeting of the representatives of Chile and Peru in Washington brought about by the good offices of the United States and under the very able management of Secretary Hughes. They reached an agreement which it is believed will put an end to that long-standing difference between these two important nations on the West Coast of South America. This has been comparatively little noticed perhaps in this country, except by persons who closely follow our foreign relations, but there have been few negotiations affecting South America which have had a greater importance than this agreement which has thus been completed between Chile and Peru. The arbitration commission agreed to by the Conference of May 15, 1922, is at this moment meeting in Washington to hear the arguments and reach a conclusion as to the settlement of this long-standing and dangerous dispute.

In December, 1922, by the influence of the United States, a conference was held in Washington to negotiate a treaty making effective the provisions of the treaties of 1907 in the interest of better relations and of coöperation among the Central American States,—Costa Rica, Guatemala, Honduras, Nicaragua, Salvador. It is to be hoped that this renewal of the policy of Mr. Root will be successful, for some unification among these Central American states is of serious importance to the peace of that region.

On August 10, 1922, supplementary to the Treaty with Germany, a convention was signed for the settlement of the claims against the German Empire, claims which had arisen before the United States entered the war in 1917. This was important for restoring good relations with Germany, because the existence of these claims unsettled has been a constant source of irritation.

Before adjournment in March, 1923, moreover, we came to an agreement with Great Britain as to the settlement of the British debt to the United States. It is not necessary here to enter into the financial details of that agreement, but no more important

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international agreement has been made than that which settled the British debt and thereby removed one of the most dangerous features of the war so far as the relations of Great Britain and the United States were concerned. It was also a step toward the general settlement of all war debts.

When Congress met last December they found a large number of treaties which had been made during the long recess and which were then submitted to the Senate. Since the Senate met in December, 1923, there have come before it some twenty-nine treaties, including the treaty with Cuba to determine the title to the Isle of Pines, which has been pending for nearly twenty years, and the message of the President sent in a year ago in regard to the adhesion of the United States to the protocol of the League, with reservations by which the United States would accept the Permanent Court of International Justice established by the League, and which is still pending. There have been twenty treaties ratified by the Senate since Congress met in December. Many of the treaties which have thus been ratified were routine agreements, such as the renewal of the Root treaties of 1907, which must be renewed every five years. Among them, however, were several of a general and much more important character which have a direct bearing on the international relations of the United States upon the largest scale, and all of which tend to aid in the promotion of peace and the stabilization of conditions among the nations of the earth, especially the great maritime and trading nations.

It will be remembered that in the Treaty of Versailles the colonies and other possessions of Germany which were taken from Germany under that treaty were given absolutely to the five Principal Allied and Associated Powers; that is, to the United States, Great Britain, France, Italy, and Japan. To those five nations passed the title to all the German possessions outside of Europe. I think all the European transfers were made by special items in the Treaty. This of course gave to each of those five nations an undivided fifth of the German possessions. The United States neither sought nor desired to take any of the possessions or territories thus surrendered by Germany, but the title of the United States to an undivided one-fifth of those possessions of course remained. Although the United States did not desire to reduce to possession this undivided one-fifth interest, it became necessary, after these territories or colonies

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had been assigned to any of the other four Powers holding the remaining four-fifths, that the rights of the United States and all the privileges already held by the United States by treaty should be recognized and renewed by the mandatory Powers,—the recipients of the remaining four-fifths. To carry out this purpose were made the treaties of the United States with Japan in regard to the Island of Yap and the other islands of the Pacific which had been taken from Germany and assigned to Japan. This treaty in regard to the Island of Yap and the other islands assigned to Japan was made, as has been said, at the time of the Washington Conference. To France had been assigned large parts of Togoland and the Cameroons on the West Coast of Africa, and to Belgium a valuable portion of the former German colony of East Africa. These three treaties preserved to the United States all the rights acquired by any of the mandatories, with certain other provisions peculiar to the United States. The agreements thus protected all the trading and other rights of the United States and were of much importance in settling questions of this character which grew out of the mandates under the Treaty of Versailles. These three treaties have all been ratified by the Senate during the past winter.

Another treaty of very great importance which was sent to the Senate in January and which has been recently ratified by the Senate is that known as the "Treaty with Great Britain to aid in the prevention of the smuggling of intoxicating liquors into the United States." The enforcement of the legislation made necessary by the Eighteenth Amendment produced a condition in regard to the smuggling of liquors which required immediate attention, because this enforcement involved the seizure and search of vessels operated under the British flag. It is a matter of general knowledge that there is no subject upon which all nations are more sensitive, and justly so, than any exercise of authority by a foreign power which interferes with shipping and the privileges of the flag. Such enforcement was sure to give rise to many troublesome and very possibly to some dangerous questions. To remedy this most undesirable situation, this treaty with Great Britain in regard to the smuggling of liquors was made. Under the treaty which has been adopted the right is given to the United States, within certain prescribed limits beyond the territorial three-mile limit, to search and seize vessels, as to which, in the opinion of the United States Govern-

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ment, there is reason to believe that infraction of the law of the United States in regard to intoxicating liquors has occurred or is occurring, or that such infraction is planned and intended. In return, the United States agrees that intoxicating liquors brought in a British steamship for its own use and not to be landed or used in the United States may be carried under seal and not be liable to any penalty or forfeiture. This is the solution of questions which are both delicate and difficult, and it is believed that similar treaties will soon be made between the United States and other countries possessing vessels engaged in trade with the United States.

There is one other treaty which has just been ratified by the Senate, to which little attention has been paid but which is of a very large importance. At the International Conference of American States on May 3, 1923, the delegates of the United States and of the other States present, signed a treaty to prevent conflicts between the American States. Its first article provided as follows:

"All controversies which for any cause whatsoever may arise between two or more of the High Contracting Parties and which it has been impossible to settle through diplomatic channels, or to submit to arbitration in accordance with existing treaties, shall be submitted for investigation and report to a Commission to be established in the manner provided for in Article IV. The High Contracting Parties undertake, in case of disputes, not to begin mobilization or concentration of troops on the frontier of the other Party, nor to engage in any hostile acts or preparations for hostilities, from the time steps are taken to convene the Commission until the said Commission has rendered its report or until the expiration of the time provided for in Article VII."

This is a very important agreement for the promotion and maintenance of the peace of the world on the American continents. Sixteen of the American states signed this treaty at Santiago, including the United States, Chile, Brazil, and Argentina. Peru, Bolivia, and Mexico have not yet joined, but it is open to them to adhere to the treaty. This treaty, simple as it is,—for there is nothing new in the idea of a commission to meet and report, thereby bringing a delay of a year before warlike steps may be taken in any controversy,—is a real and effective provision for the exclusion of war from North and South America. One reason for its meeting with a large measure of success among the

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American states is because it has not attempted too much, but it is an excellent example of the practical work that has been done by the United States for the promotion of world peace.

I have said that Mexico has not signed this treaty, but the present Administration has done a work of very conspicuous merit in regard to the relations of the United States and Mexico. From the time of Mr. Taft's Administration, Mexico had been in a condition of almost constant conflict, and frequently of mere anarchy, until General Obregon came into power. It has been the policy of the United States during the last three years to endeavor to bring this unhappy condition to an end and we have declined to recognize the Obregon Administration until certain rights and claims of the United States had been fully and sufficiently recognized and provided for. In the autumn of 1923 two commissioners, Colonel Warren, of Michigan, and Mr. John Barton Payne, Secretary of the Interior in Mr. Wilson's Cabinet, went as Commissioners to Mexico and settled the outstanding questions, so that we have now recognized Mexico and two of the claims conventions have been signed and ratified by the Senate during the past winter. This is not only of value to the world's peace, where Mexico has been for many years a disturbing element, but it is also of most immediate value to the United States.

I have thus, briefly and quite imperfectly, as I am aware, described the actual work in foreign relations as carried on by the United States with very efficient results, which are both large and important, since 1921. This brief recital of what has been actually accomplished is also of some interest as showing the general activities of the United States in the broad field of our foreign relations. It may likewise throw some light upon some of the cant phrases which are used in debate of any kind. Cant phrases are often of high political efficiency, but they are never an argument, any more than an emotion is a thought. For example, there is the now familiar word "jingo." The history of the word is quite curious. The word itself is a very old English word, an ancient expletive or oath, in use at least as early as the reign of Elizabeth. It came into general vogue in 1877–80 at the time of the Beaconsfield administration, when there was the question of war in the East with Russia. The music-halls then had a song of which one stanza is still well remembered:

> "We don't want to fight, but by *jingo*, if we do,
> We've got the ships, we've got the men, we've got the money, too."

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The word "jingo" gradually was extended from this meaning until it came into common use as an expression calculated to discredit anybody who was not at a given moment, or generally and at all times, a pacifist. I remember well its general employment at the time of the war with Spain for the liberation of Cuba. The term was later applied as a form of obloquy to all who advocated a sufficient navy, and finally it was fastened on those who, when the Great War began, pleaded with their countrymen for preparation on the part of the United States if forced to enter the war, which even then darkened the whole world with its evil shadow. When we look back at that terrible time and think what our refusal to make any preparation cost this country in lives and treasure, we can see how vast an injury an utterly misleading epithet may sometimes cause.

In the same way, those who favor our taking part in European politics and wish the United States to become an integral part of the European political system, use the word "isolationist" in order to discredit those who differ with them. There is no such thing as an "isolationist," of course, in the United States, and there never has been, because "isolationist," if strictly interpreted, means naturally that those to whom it is applied believe that the United States should pursue a policy of isolation and separate itself from the doings and interests and affairs of the rest of the world. I repeat, there is no such thing as an "isolationist" in the United States and there never has been, and the United States has never been isolated. The rest of the world could not isolate us and we have never done it or thought of doing it ourselves. Indeed it may be doubted if there are any people in the world today who can possibly be termed "isolationists" except perhaps the Thibetans, and we are very unlike the Thibetans. There was a long period after the Civil War when there was very little interest in foreign affairs in the United States, because the people were absorbed in developing the country and pushing to the westward their peaceful conquest of the continent which was theirs. But this is a very different thing from a policy or a principle. We have, however, a better test even than this. Let us see exactly what this "isolated" country has done in connection with international affairs and in the field of diplomacy.

From 1789 to 1923, the Senate has given its advice and consent to 582 treaties, conventions, and agreements which are or

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have been in force.[1] In this list are not included treaties approved by the Senate but which have not come into force owing to the failure of the other signatories to ratify; nor treaties approved by the Senate with amendments which have failed of ratification by the President; nor postal conventions, which are negotiated by the Postmaster General by and with the advice and consent of the President; nor the numerous international agreements made by the President through an exchange of notes. Only eleven treaties in 136 years have been rejected by the Senate. This does not include those treaties, few in number, on which no action has been taken by the Senate and most of which have been withdrawn. Since the first refusal of the Senate to give its advice and consent to the Treaty of Versailles on November 19, 1919, the United States has entered into forty-five international treaties, conventions, and agreements, all requiring the consent of the Senate. To say, in the presence of these statistics, that the United States is "isolated" would seem to be more picturesque than veracious. The United States is also, as this list shows, not only perfectly ready but anxious to do its part in advancing the peace of the world and promoting in every way the security of mankind against the horrors of war. It also indicates, if we compare what has been done by the United States alone in actual substantive agreements, and not merely in an output of excellent words and fine language, that the United States in acting with complete independence can be more helpful to the world than in any other way.

Not much attention is paid to what is done in the great field of international relations by the United States. What the United States has accomplished, with the exception of the Washington Conference, has taken but little of the valuable and otherwise occupied space of the newspapers. For instance, not long ago, Mr. Norman Davis' settlement of the Memel question was widely advertised.

My first knowledge of this word "Memel" came to me when I was a small boy of nine reading or rather devouring the Waverley Novels. In one of the most famous, in "Guy Mannering"—which I have read I cannot say how many times since—is the passage about Dirk Hatteraick who suddenly breaks his silence

[1]Prior to the first session of the Senate in 1789 eleven treaties were made at different dates (beginning with the Treaty of Alliance with France) between the United States and Great Britain, France and the Netherlands.

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before the Court, when the measurements of his footprints at the Warroch Head are presented, and says: "How could there be a foot-mark on the ground, when it was a frost as hard as the heart of a Memel log?" I did not know what or where Memel was nor why the logs of Memel were so hard, but the strange name for some reason touched my imagination and has always remained held fast by memory. Time brought but slight addition of knowledge to the boyish memory, nothing beyond the fact that Memel was a seaport town of the Baltic coast and in East Prussia. Then came the Treaty of Versailles and Memel passed into the possession of the five Principal Allied and Associated Powers with a controversy attached and just now settled by Mr. Davis for the League of Nations. Memel is a seaport in a region where ports are scarce. The town has a population of 32,000 people and still exports logs "no doubt with hard hearts."

Now, without any infringement of Dogberry's warning against "comparisons," but merely to show the work of the United States in international matters, let me allude briefly to the contemporaneous case of Mexico. Mexico, where the United States has just effected a settlement which it is to be hoped may endure, is in natural resources one of the richest countries in the world. It has 15 million people and an overseas trade of large value in the world's commerce. It has an area of 767,000 square miles, larger than that of Germany, Italy, Great Britain, Ireland, and France, the areas of which combined are 643,000 square miles. I do not mean for a moment to suggest that the settlement which we have made with Mexico and the consequent recognition is of equal importance, or that Mexico is to be compared with Memel, but it would appear that the arrangement with Mexico, difficult as that country is for the purposes of any permanent arrangement, has thus far fared better than the Memel agreement, for if recent despatches are correct, the Memel agreement has been protested against by Poland, while Lithuania, the other principal party to the controversy, is very discontented with it.

That illustrates what I mean when I speak of the substantive work of the United States in foreign affairs. We did not for instance talk about disarmament. We are well aware that we did not effect all that could be effected, but our efforts toward international disarmament were real and the limitations on calibres of guns and the size of ships were not confined to mere language. We brought about and carried through the Washing-

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ton Conference wholly outside the League, and our detachment from the quarrels of Europe made it possible for us to do it.

I have ventured to make this brief enumeration of what the Government of the United States has been doing during the past three years for only one reason, and that is a very simple one. All reflecting men and women who think not only about the welfare of the world but about its future are agreed as to the horrors of war and the vital necessity of doing everything we can to prevent the recurrence of wars. The differences of opinion that have arisen are really, if we analyze them coolly, merely differences of method. The United States, as I have shown, has never been isolated, never can be isolated, and has no desire to be isolated. The people of the United States are not only ready but willing and desirous to help their fellow-men, especially those of western civilization, in any way that is possible. The great majority of the people of the United States, as has been indicated by the election of 1920, are of opinion that the League of Nations is not the best way to do it; that the League leads to involving the United States in Europe. Many most worthy and excellent people find in the League the only possible solution of the present difficulties of the world. The Colonial spirit is not wholly dead and there seem to be people who cannot yet believe that the United States in world affairs can go alone and effect any results. The habit of the Colonial mind still clings to them. When it comes to foreign affairs they think of the days when if there was war in Europe "black men fought on the coast of Coromandel and red men scalped each other by the Great Lakes of North America." They forget that since the American Revolution the people of the United States have built up the greatest power in the world unaided and alone with no help from Europe and with few kind words. They forget that the United States only seven years ago went to the rescue of freedom and civilization in Europe of their own motion, unbound by any obligations. They need to be reminded that the United States has grown up and can be helpful to mankind, now as in the past, in its own good time and way.

It seems to me that the United States can best serve the world, first, by preserving its own strength and the fabric of its civilization, which is the great bulwark at the present moment between the civilized world and anarchy, and help humanity most fully by being detached from the European system and

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giving and helping independently, freely and in their own fashion. Rome was not built in a day and it will take a long time wholly to prevent wars. We must be content to advance step by step. America and Europe are entirely different. All the conditions and situations are different. The people of the United States live in a new country, that is, I mean new to western civilization. They came here to get rid of Europe, many of them; some to worship God in their own way and carry on their governments in their own way. They were freed from the long war-habit of Europe. They have a neighbor to the north, a kindred race, whose prosperity is almost as much cherished by the people of the United States as their own. Europe has the inheritance of conflict and wars—wars which have gone on for many centuries. We cannot understand the feeling that those wars and hatreds have engendered. As the generations have succeeded each other in the United States all those old feelings for good or ill which exist in Europe have passed away. We are outside Europe and for that very reason if we keep our own independence and do not entangle ourselves with the difficulties and quarrels which Europe understands and which we do not understand, we can be of more service to the peace and welfare of the world, it seems to me, than in any other way.

Let the League, which was made in Europe and belongs to Europe, go on there and prosper. We wish it well, but let us, refraining from permanent alliances against which Washington warned us, go on in our own way and try disinterestedly and without taint of foreign influences to help Europe and the affairs of Europe in every possible way, the way to be determined by us. Let us make it our policy that what we shall do and when we shall do it shall be determined by us, who sought neither land, nor money, nor reparations at the end of the war. In the diplomatic history of the United States during these past three years I think we have good and practical evidence of the soundness of this doctrine.

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AMERICA IN WORLD AFFAIRS: A DEMOCRATIC VIEW

By Edward M. House

Where there is no vision the people perish.—PROVERBS XXIX, 18.

THE world has seldom passed through such a period of disaster, discontent and unrest as that which the present generation has had to confront during the past ten years. War, pestilence, famine, and earthquake have been our lot, and the end is not yet.

The war was man-made, and has left in its wake the maximum of hate and the minimum of amity and good-will. Even those who fought side by side and who threw their national resources into the common effort, have come out of it suspicious and less friendly toward one another than they were before. During the fury of battle and ruin the young gladiators who were matched against one another time and again expressed the hope that the end would justify the sacrifice they were making, and that those in high places who had sent them out to death would enter an international pact to end war and protect the youth of another generation. Buoyed by this thought they went gladly and gallantly on. For one brief moment mankind was at the crossroads of destiny and it seemed that the war might bring about a spiritual renaissance which would make for a more wholesome world.

In each country there were men of vision and lofty purpose, urging that the right turn of the road be taken, and of them, by virtue of his eloquence and high office, Woodrow Wilson became the acknowledged spokesman. Unhappily there were those in governmental positions in the United States who saw but dimly where Wilson would lead, and realized not at all the responsibility they were taking when they turned their countrymen from the paths of peace and justice and honor. When the United States Government announced its policy of selfish isolation the effect upon Europe was immediate and profound. The result has been a disorganized and distrustful Europe and a United States sunk to a low level of materialism and official ineptitude. This is the unhappy plight in which the year of 1924 finds us.

Therefore the Democratic Platform this year should be something more than the mere grouping together of familiar platitudes to be used as convenient stepping stones into office. The

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American people are again hungry for leadership and were never more weary of politicians, their banal laudations of their own party men and measures, and their sweeping condemnation of those of like impulses and purposes belonging to the same order but labelled under another name. When we Democrats ask to be intrusted with the mandate to govern, let us prove by our nominees and platform that we are equal to the task.

Our country has been the favored child of fortune. With a salubrious climate, with prodigious natural and industrial resources, our material progress and welfare have been phenomenal. In the past our people have shown their fibre in both peace and war, and some of our chosen leaders have commanded the admiration and esteem of the entire world. Although we are young we have both ideals and traditions which should be maintained, and, since we are not so rich in intellectual as material accomplishments, we should seek to build where we are weakest. In the beginnings of the Republic we chose our leaders more wisely than now, for although we have a fine quality of citizenship we are not using it to the best public advantage as we did then. That period gave us men like Washington, Hamilton, Jefferson, Jackson, Webster, Calhoun, and Clay. Since those days we have drifted into a system of choosing our leaders which is producing second and third rate men. It is true we have had a Lincoln, a Roosevelt, and a Wilson, but they have been largely accidental. Lincoln was a compromise between Seward and Chase; Roosevelt was shot into the Presidency; and Wilson perhaps won his election by the schism in the Republican Party.

Unfortunately it has come to pass that we choose our Presidents because of their vote-getting qualities in certain doubtful states rather than for their qualifications for the office they are to fill. When Presidential candidates press their claims upon the nominating conventions it is their availability as vote-getters that is stressed, not their knowledge of public affairs or the policies for which they stand. Sadly enough, the more experience a man has the less available he becomes, because in the furtherance of his public duties he has antagonized this interest or that, or has offended some political or racial group. Of our recent Presidents few were well known to the public in a political way before they assumed office, and the two Democrats elected since the Civil War, Cleveland and Wilson, were not vexed by an official record of more than a year or two.

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As our population and economic resources have expanded, the office of President of the United States has grown in both prestige and importance. It is today one of the most powerful instruments of government the world has yet seen, and it is folly to fill it with men of mediocre ability. We have an abundance of material if given opportunity of expression. Even a Lincoln or a Wilson might have died with but a meager reputation had it not been for the office he occupied and for the great war that came during his administration. They each possessed qualities within themselves which raised them to the first rank among statesmen when they were given the opportunity of serving their country in its hour of need.

At present the direction of our affairs, foreign and domestic, has again come to be almost wholly in the hands of the Senate, because there are in the Senate a few courageous men who have dared to take control from the Executive. The Senate has shown so much partisanship and ignorance in dealing with foreign affairs that a strong President might have brought upon it a storm of protest had he taken public issue with it and had he formulated a clear-cut statesmanlike policy. But both Harding and Coolidge have temporized, halted and finally given way.

It is stated with more and more frequency that there is little difference between the Republican and Democratic Parties, and that what difference there is is merely one of personnel. It is true there are times when there are no great issues before the public, and when the minor issues are not of sufficient consequence to cause serious cleavage of opinion, but there is always a fundamental difference between the policies in general for which the Democratic Party stands and the policies for which the Republican Party stands. At the moment this fundamental divergence of views is sharply accentuated.

During the first sixty years of the nineteenth century the Democrats enjoyed an almost continuous control of the national government. Jefferson, our first great progressive, largely changed the theory of our government from that conceived by Washington and Hamilton and interpreted by Chief Justice Marshall. But a long term of power brings to a party's support the property interests of the country, and gradually the progressive party becomes conservative and the conservative party progressive. In consequence, prior to the Civil War the leanings of the Democrats were toward conservatism, and the Republican

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Party, under the leadership of Lincoln, was the forward or progressive party. Since the Civil War the rôles have been reversed, except during the second administration of Roosevelt.

Today the fundamental difference between the two parties is their divergent attitude toward human and property rights, the Democrats stressing the former and the Republicans the latter. In the long run the Democratic policy will probably safeguard property rights better than the Republican policy for a policy of progressively-minded justice will secure industrial peace and lessen the likelihood of resentful outbreaks, confiscatory in essence and revolutionary in character. Capital seldom learns from experience. The representatives of the property interests of each generation strive eagerly to secure the last vestige of concession and monopoly, and are willing to leave the consequences to fall upon their successors always hoping the break may not come during their own lifetime.

This difference between the two parties covers a wide range, and is indicative of the conservative thought of the one and the progressive thought of the other. It is upon the issues involved in this divergence of opinion that the coming campaign will be fought. In its broad sweep, among other things, we shall find within its scope the entire transportation problem by land and sea; the treatment of monopolies of both raw materials and manufactured articles; the equitable adjustment of the rights of labor, the rights of the consumer, the rights of the farmer, the rights of capital and the rights of the middleman. If the Democratic Party is intrusted with the mandate of government at the coming elections it must deal with each of these problems without prejudice, and in a way to bring about permanent rather than temporary settlements. It will be done in the spirit in which the Federal Reserve Act and the Farm Loan Act were created. When these laws were in the making they were vehemently opposed by some of those now loudest in their praise. They were formed, as all legislation should be formed, with a single purpose for the general good.

The question of the tariff has always been and is now one upon which the two parties totally disagree. The Republican view is set forth in its most aggressive form in the Fordney-McCumber Tariff Bill, a bill so ill-timed and so excessive that it cost Senator McCumber his seat in the Senate in the last elections. It was said that the Republican leaders realized the folly of going so far

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at such a time, but were under pledges to do so. Even those who benefited by the bill feared it would cost the Republicans the elections in 1924, but they were willing to risk party defeat in order to have four years in which to reap extraordinary profits, and they callously argued that at the worst the Democrats would probably merely place the rates back where they had been before.

As Adam Smith has pointed out in his "Wealth of Nations," one of the phenomena of popular government is the placid way in which the people accept the burden of indirect taxation and resent the imposition of direct taxation. We hear but little complaint of the excessive load carried by our citizens because of the tariff. On the other hand, a vociferous demand has been made for a reduction of the income tax and against the proposed bonus for soldiers of the World War, notwithstanding the fact that the tariff, directly and indirectly, is costing the people each year a sum *larger than the entire income tax and the proposed bonus combined.* Barring the cost of collection, all the moneys paid on account of income taxes become immediately available for the expense of government, while but a small part of the moneys which the tariff costs the people goes into the Treasury. By far the larger part goes to those interests protected by the tariff. If the mighty cost of our present tariff could once be borne in upon the consciousness of the people, they would vote to tear it to tatters. While there is no considerable opinion in the United States for free trade, there is a strong sentiment against a tariff in excess of requirements for revenue. Such a tariff could be imposed wholly upon non-competitive articles. It is regrettable that the question cannot be taken out of politics, for it has always been most disturbing to business. The tariff should be permanently settled on a basis for revenue only. This could be done through the Tariff Commission, and manufacturers would soon find that a fixed policy would inure more to their benefit than the changing of schedules every few years.

There are many things to be done in making our government more responsive to the will of the people which the Democratic Party will sponsor. One of these is submitting a Constitutional Amendment permitting treaties to pass the Senate by a majority vote instead of a two-thirds vote as now. Or it might be well to have both the House of Representatives and the Senate act upon treaties by a majority vote. War can be made by a majority vote of the two Houses of Congress. Why should the making of

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peace be made more difficult than the making of war? If this change in our government procedure had been in force in 1919 the deadlock which occurred between the President and the Senate could not have happened, and the disastrous consequences of it might have been averted. Our failure to ratify the Treaty of Versailles and the Tripartite Treaty will probably be reckoned by historians as one of the greatest lapses of moral and intellectual leadership of which this nation has been guilty.

While our domestic affairs have been conducted without imagination and with a lamentable lack of constructive statesmanship by the Harding-Coolidge Administration, it is to the conduct of our foreign affairs that we must look with regret and humiliation. We have abdicated the noble position our citizen soldiery won for us during the war, and which Wilson crystalized by his masterly oratory and far-reaching diplomatic successes. It is in this fruitful field of endeavor that the Democratic Party may again have its opportunity for service.

In foreign affairs the contrasting attitude of the two parties has become marked. Up to the time of the bitter controversy between President Wilson and the Senate there was no sharp difference as to what part the United States should play toward the rehabilitation of Europe. Now the split is basic. It may well be that many unbiased Republicans differ but little from the Democratic point of view, and even President Coolidge and Mr. Hughes are under popular suspicion of favoring a wider participation in world affairs but of being too timid to resist the courageous and dominating irreconcilable Senators in their own party who will have none of it. Therefore the Coolidge Administration, following in the footsteps of the Harding Administration, is attempting timorously the things they fear to do boldly.

The Democrats should, and doubtless will, promise to bring about a conference among the powers to agree upon laws governing the rights of both belligerents and neutrals upon land and sea and in the air in time of war. There has been but one attempt to agree upon sea laws since the Declaration of Paris in 1856, and that was the futile Declaration of London in 1909 which the World War found unratified by many of the powers concerned. This is a serious question and has already been too long neglected. The freedom of the seas is perhaps the most vital international problem yet unsolved, and it is a serious indictment of present-day statesmanship that no serious attempt has been

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made since the World War to solve it. The sea is a more fertile breeding place for war than either the land or the air, for beyond the three-mile limit it belongs to no country, and any nation or nations undertaking to exercise undue privileges must reckon with others whose ships sail it in pursuit of their legitimate rights.

It was natural to suppose that the enthusiasm with which the Washington Naval Disarmament Conference was received by the American people would have led the Republican Administration to further and more effective efforts in that direction. Just why they fell short of completing the task is something of a mystery, for, surely, sufficient encouragement was given them by public opinion to have justified a thorough piece of work.

Nothing indicates better than the final treaty made at Washington the folly of bringing foreign affairs into partisan politics. On the one hand the Wilson Administration was condemned for wishing to entangle the United States in a universal attempt at disarmament and peace, on the other the Republicans bind the United States to maintain a pact between a few powers which has within it grave possibilities of future war. The Washington Conference undertook to make certain commitments and guarantees in the Asiatic Pacific without in any way considering Russia. When the pact was made Russia was not in a position to protest, but when this great Asiatic-European power emerges from the welter of revolution and its aftermath, it may not acquiesce in the disposition which was made of things in which it has a vital interest. Even if one may not be disposed to criticize the conclusions of the Washington Conference, much can be said in criticism of the inconsistency of the attitude of those who saw one way when Harding was dealing with foreign affairs, and another way when Wilson embarked upon a much greater, a more permanent and less entangling enterprise.

The Republican policy toward the Philippines illustrates the wide divergence of thought between the two parties. By implication, by promise, and by virtue of the advancing public opinion of the world we should give the people of those Islands a steadily increasing measure of independence. At a time when Great Britain has given Ireland and Egypt the direction of their domestic affairs, and is in course of working out a measure of independence for India, the United States Government, under Republican Administration, refuses to meet the reasonable demands of the Filipinos. The argument that our rule of the

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Islands is best for their inhabitants, that they are not sufficiently educated and versed in the art of government and are not to be trusted with the direction of their own affairs, is an age-old argument, used by the powerful to hold in subjection the weak. If backward nations are ever to become self-reliant and forward, they must have their training in the school of experience. We should give to the Filipinos such help and counsel as we have given the Cubans, for the day has come when they should walk alone. Let them have a Governor-General if needs be, but let him serve merely as the symbol of our authority and as a warning to envious nations to keep away. His power should not be greater or other than that of governors in the British Dominions.

It would be cruel to recall the Republican promises and boastings of 1920, or to relate the unhappy story of the debacle that has overtaken and overwhelmed that party. The tale is too humiliating to our national pride to cause any patriotic Democrat, for party reasons, to be glad of what has happened.

The Republican Party has had its chance to meet the needs of a critical hour in history, and has failed the expectations of a people who gave it their suffrage generously. At home, industry is slackening because the purchasing power of Europe has diminished. Europe needs all the food stuffs which we produce, but cannot send commodities in return with which to pay for them. In consequence, many of our farmers in the West are bankrupt because their surplus products have no markets. Deprived of their full European outlet what they raise barely brings returns equal to the cost of production and transportation. Because of these conditions there is something akin to a political revolution brewing west of the Mississippi.

When the lofty purposes of the Wilson Administration were in the making, the enemies of the Democratic Party derided the efforts to create a spiritual upheaval in behalf of peace and a better understanding between nations. When it was sought to bring about a unity of purpose in ameliorating social and hygienic evils that haunt all mankind, it was said that Wilson and his advisers were dreamers. When the sanctity of treaties was urged as one of the necessary steps toward a higher code of international morals, we were answered with the slogan "America First." And so the story went, day by day, whenever something was urged tending to lead peoples away from material things and selfish purposes.

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No matter how close the policies of the Democratic and Republican Parties have been in the past they parted ways when Woodrow Wilson became President, and the schism has since become wide and deep.

When Wilson relinquished office on March 4, 1921, American prestige stood at its highest point in history and our flag was the symbol throughout the world for international peace and honor. In foreign lands the humble and oppressed looked upon it as their hope for the future, and they reverently, and with something akin to awe, made obeisance to it. It seemed then that our democracy was ready to come into full flower and that we were to justify the heritage which had come to us through the toil and wisdom of the founders of the Republic. But idealism gave way to materialism, and instead of looking upon the world from the mountain top we find ourselves in the valley of despair.

What we are doing toward international coöperation we are doing haltingly and grudgingly. While it is true that the United States Government is now represented in the League of Nations Committees on Health, Anthrax, Opium, Customs Formalities, Communications and Transit, Traffic in Arms, and the Traffic in Women and Children, yet, as Raymond B. Fosdick well says: "The whole matter of our relationship is to the last degree unfortunate. It is irregular, erratic, ineffective, undignified, and incomplete: irregular, because it has not the sanction and has perhaps even the disapprobation of Congress; erratic, because it is guided by no fixed rule or policy; ineffective, because while America sits in many preliminary commissions, her voice is silent when the very questions on which she has spent great effort are put to a final decision in the ultimate bodies of the Council and the Assembly; undignified, because America, the richest nation in the world, uses League machinery and League facilities without her government contributing a penny to their upkeep; incomplete, because opposition to the League has prevented coöperation in many other League activities of genuine interest to America, such as disarmament, finance, economics, mandates, treaty registration, international law—in short, nearly all questions of international coöperation."

No adequate substitute for an association of nations created to maintain peace can be devised. Conferences such as the recent one at Washington may serve useful purposes, and may remove causes for war, but the real danger of war oftentimes

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comes over-night. It is then too late to call conferences, as was shown in 1914. Viscount Grey, than whom there is no better authority, has said that if the League of Nations had been in existence in 1914 war might have been averted. In an international crisis there must be machinery at hand ready to become immediately operative.

President Coolidge and his spokesmen are assuming that the peaceful, unaggressive attitude of the United States and its willingness to enter into negotiations to settle differences with other powers are sufficient to keep us out of war. History tells another story, and if this fatuous policy is to be our guiding star toward peace we shall have some day a rude awakening. That method has been tried and found wanting.

The League of Nations may not serve all the high purposes hoped for by its sponsors, but it has become humanity's last hope. Its name was suggested, and its creation largely brought about, by men within the Republican Party—Taft, Lodge, Lowell, and their colleagues; and the World Court, its very necessary adjunct, was mainly the work of Elihu Root. The League to Enforce Peace which fostered the movement for the existing League of Nations had no more eloquent advocates than Mr. Taft and Senator Lodge, and the League they had in mind was predicated on force. At Paris in 1919, when the Covenant was in process of formation, it was at first thought that the new and hopeful instrument should be called an "Association of Nations," because to the French the word "league" meant nothing. But because the American organization of the League to Enforce Peace was so widely known it was considered best to use the dual name, League of Nations and Société des Nations.

It is interesting to recall that the Democratic position regarding world coöperation for peace has never been better stated by anyone than by Senator Henry Cabot Lodge before the League to Enforce Peace at Washington, May 26, 1916, when, among other things, he said:

"Probably it will be impossible to stop all wars, but it certainly will be possible to stop some wars and thus diminish their number. The way in which this problem is to be worked out must be left to this League and to those who are giving this great question the study which it deserves.

"I know the obstacles. I know how quickly we shall be met with the statement that this is a dangerous question which you are putting into your agreement; that no nation can submit to the judgment of other nations, and we must be careful at the beginning not to attempt too much. I know the difficulties which arise when we speak of anything which seems to involve an

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alliance. But I do not believe that when Washington warned us against entangling alliances he meant for one moment that we should not join with the other civilized nations of the world if a method could be found to diminish war and encourage peace.

"It was a year ago that in delivering the Chancellor's address at Union College, I made an argument on this theory: that if we were to promote international peace at the close of the present terrible war, if we were to restore international law as it must be restored, we must find some way in which the united forces of the nations could be put behind the cause of peace and law. I said then that my hearers might think that I was picturing a Utopia, but it is in the search for Utopias that great discoveries have been made. 'Not failure, but low aim, is the crime.'

"This League certainly has the highest of all aims for the benefit of humanity, and because the pathway is sown with difficulties is no reason that we should turn from it. . . ."

As for the World Court, admirable as it is as an adjunct to the League of Nations, it is a mere gesture without it. Our entrance into the Court without using the League machinery would add nothing to our present position. Any nation, in or out of the League, may use the World Court when it desires, and members of it need not use it if they do not wish to do so. Membership does not make its use compulsory.

Because the focus of the Great War was in Europe and because a new adjustment of frontiers necessarily and rightly followed, there inevitably has been throughout that continent an aftermath of social and political upheavals. The opponents of the League of Nations in the United States have used this troublesome period of readjustment to frighten the timid and ill-informed. If their lamentations were heeded one would think the League made in Europe and for Europe's purposes alone. It is in fact, as President Wilson has said, the extension of the Monroe Doctrine throughout the world. The South and Central Americas so regard it, and have sought its sanctuary. They are no longer willing to accept our overlordship, and with changing times and conditions we would be wise not to insist upon it. Great and powerful as we are we cannot continue to go successfully against the public opinion of the entire world, nor indeed should we so desire, either on the score of moral conduct or material advantage. Let our ambition rather be that of a mighty republic using its moral influences and strength for high and unselfish purposes. Let us mingle with other nations as one of them and not stand as one apart. Let us seek their friendship not their hate. And above all, let us be unafraid,—unafraid to speak the word of conciliation, unafraid, if need be, to speak the word of warning,

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—and so do our share toward helping the industrious and frugal throughout the world to garner peacefully the fruits of their labor and industry.

In the London *Times* of September 5, 1922, the writer suggested as a compromise that the United States enter the League of Nations as an associate member. The United States entered the World War as an Associate Power and did not become a party to any secret treaties or to any of the understandings which the Allies had among themselves. We fought as valiantly and threw our resources into the cause as prodigally as they, but we were free and untrammeled from beginning to end. The Democrats should declare at their forthcoming Convention that if successful at the polls next November they will pledge the President to ask Congress by joint resolution to authorize the United States to become an Associate Member of the League of Nations without in any way committing the country to the Covenant. Thus the fears of the timid could be dispelled regarding a superstate and an entangling alliance (Articles 10 and 16). If the Democrats are courageous and wise and worthy of leadership they will denounce political expediency and cowardice, and declare that the time has come for this Republic to stand side by side with other nations intent upon saving what is left of civilization.

By taking this nobler attitude in international affairs we may yet salvage something of our honor and self-respect from the wreck of Republican misadventure. We may then lay wreaths on our heroic dead, lying in the valleys and on the hillsides of France, with uplifted hearts and clean consciences, and again stand with all our moral and material strength on the side of universal peace and the brotherhood of man.

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THE ECONOMIC RESTORATION OF THE WORLD

By Gustav Stresemann

WHEN at the close of 1922 the attempt to solve the reparation problem by political means finally failed, Secretary of State Hughes, in a speech at New Haven on December 20, made his well-known proposal to withdraw the problem from the sphere of politics and to entrust an international committee of experts with the elaboration of a constructive scheme. It required the whole of the year 1923 for this proposal to materialize; the present report of the Dawes Committee is the outcome of these efforts. With it there dawns a new epoch in reparation policy. The discussion of the reparations question has now been placed on a purely business footing and has been removed from the influence of speculative political aims. It was, indeed, high time for this decision to take practical form. The economic decay of Europe could not be permitted to proceed any further. The entire civilized world has welcomed the Dawes Report in the firm hope that its acceptance may lead to the reinstallment of the world's disordered economy.

For any clear realization of the changes brought about by recent years it is necessary to glance back at the situation prevailing prior to the great catastrophe.

The world's economic activity was rooted in a division of labor carried through with considerable strictness. On the one side stood the preponderantly manufacturing countries, on the other the preponderantly agrarian, every country developing the capacities most natural to it. The exchange of commodities between nation and nation had entered a period of extraordinary growth. While the goods handled in international commerce in the year 1890 were valued at about 17.8 billion dollars, their estimated value in 1912 was 39.2 billion dollars. Thus, within rather less than a quarter of a century, the value of the merchandise passing between one country and another had more than doubled. Every nation had participated in this wonderful economic development. In 1912 the leading countries—exclusive of their colonies—had the following proportions of the world's trade: Great Britain, 16.6 percent; Germany, 12.9 percent; United States, 9.9 percent; and France, 9.0 per cent.

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To meet this great expansion of international trade relations, there was a correspondingly vast development in the transport system, both by land and by sea. Thus the world's mercantile marine increased by leaps and bounds. The steam tonnage of the world for ships of over 1,000 gross registered tons, which in the year 1901 stood at 14.6 million gross registered tons, had risen to 45.4 million by 1914.

In the main, this development of trade and traffic was rendered possible by the astounding expansion of an international credit resting upon international confidence in the safety and stability of the international economic structure. The currencies of the leading countries were backed by gold and fluctuated by decimal points only, corresponding with the fluctuations of the balance of payment. Available capital was able to flow freely in any direction where its owner believed it would find remunerative employment. Unproductive accumulations of enormous masses of gold in the vaults of the banks were then unthinkable.

As a consequence, the relations of the Continental countries drew continually closer and more intimate. Each individual country became a link in a homogeneous economic chain which could not be strained at any one point without the effect being felt by its every link. The whole earth was covered with a network of mutual political, economic and cultural relations of an increasingly intimate nature. Men learned to think in terms of continents instead of countries. Their horizon became world wide. Their daily life depended upon the smooth working of the vast machinery by which commodities and capital were internationally exchanged. New York, London, Berlin and Paris formed the centers which kept this machinery running.

This ingenious contrivance of international economic relations has been completely unhinged and rearranged by the World War and by post-war events. The international division of labor is no longer as clear and comprehensible as formerly. In the hothouse atmosphere of the crisis caused by the war, the manufacturing plants already existing in the old-established industrial countries have been extended and new industries have been founded. Countries which before the war had no industry worth mentioning have begun to industrialize themselves and to export manufactures in place of raw materials. Competition has grown much keener in the international market. As a result of the impoverishment of extensive districts in Europe a general decline

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has taken place in the trade of the world. In 1923 Great Britain's exports, for example, totaled only 74.5 percent of the figure for 1913, while by last year the German export trade had reached only about one-half of its pre-war dimensions. The comparative per capita values of the visible exports of the United States, France, and Great Britain for the years 1913 and 1922 have been computed as follows:

	Per Capita Value of Exports (in dollars)		*Percentage of Increase*
	1913	*1922*	
United States . . .	27.00	36.24	33
France	38.27	47.00	25
Great Britain and Ireland . . .	56.35	67.34	20

Since, however, the price index in 1922 was about 50 percent above that for 1913, it is clear that in 1922 the actual quantity of goods exchanged lagged far behind the pre-war total. In one hemisphere there are peoples numbering many millions who are forced to pinch and scrape in order to make both ends meet and to subsist upon exceedingly meager means; in the other hemisphere, the farmers, for example, are at their wits' end to know how to dispose of their crops.

The cause of this astounding situation is to be sought in the destruction of international credit. The currency systems of certain great countries have been shaken to their foundation. International finance has lost all stability. The gold reserves of the nations have experienced a complete rearrangement. Gold has flowed from one end of the world to become stagnant at the other. The total gold reserves of the world for the first quarter of the year 1924 are estimated at 9,562.5 million dollars. The following table showing the reserves of the principal banks of issue gives an excellent picture of the sweeping change that has taken place:

	In millions of dollars
1. United States of America	4,385.9
2. France	1,068.8
3. Great Britain	752.9
4. Japan	550.9
5. Spain	487.6
6. Argentine	463.8
7. Netherlands	223.8
8. Italy	216.0

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9.	Australia	121.6
10.	Germany	110.7
11.	Rumania	107.0
12.	Switzerland	103.4[1]

America has become the greatest creditor of the world, a vast reservoir in which the yellow metal is stored up without distributing that prosperity which, under normal circumstances, it would have brought to those in need of it. This is easily comprehensible, inasmuch as the indispensable requisite of credit, namely, international confidence, is at a minimum. As the Dawes Committee repeatedly emphasizes, the dislocated international economic machinery cannot be thoroughly readjusted until international confidence and credit have been restored.

This international confidence is the foundation stone of international credit, and international credit is essential to international trade. To restore these, it is necessary for the forces of international economic intercourse to regain free play. The artificial boundaries which today hamper this free play must be raised in order that the natural equilibrium may be restored. The American packers must be enabled to send their goods once more to the peoples of the old world who are so sadly in need of them. The cotton grower and the farmer must no longer be left to struggle with financial difficulties because Europe cannot purchase the surplus of their crops. Is it to be regarded as a law of nature that one-half of mankind shall go hungry while the other half is unable to dispose profitably of its surplus? That must not be! Circumstances have turned things upside down; common sense must once more restore them to their proper position and endow them with equilibrium.

This is impossible, however, without the reconstruction of the machinery of credit. The lack of money among many peoples is, indeed, the great impediment to a complete resumption of the old commercial relations. Those familiar with the German economic situation and the experts of the Dawes Committee agree in affirming that the lack of available capital caused by the destructive effects of the monetary inflation is the chief factor in hindering the development of Germany's economic forces, impeding the recovery of her ability to make reparation payments

[1]In this table the figure for the United States includes the gold reserves of the Treasury, that for France includes 443.9 millions abroad, that for Great Britain includes gold backing of currency notes.

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and restricting the purchasing capacity of her people. If the world wishes to emerge from its present distressful situation the gold heaped up in certain centers, vastly in excess of their own needs, must be made to circulate once more in the channels of international commerce. Gold must regain once more its productive functions; and like warm rain upon the thirsty soil, it must refertilize the parched countries of the European continent and enable them to yield again their wonted harvest.

I would like to recall here that, in its last year's report, the Federal Reserve Board has taken up in an exhaustive manner the devaluation of the American gold reserves. Among other things it said:

"Great and impressive as has been the industrial growth of the United States in the past ten years, it can not be contended that it will require a twofold amount of gold to insure the integrity and impregnability of the gold standard. It is to be expected and desired that some portion of the gold which the tides of disorganized trade have brought us in the past ten years will eventually return to the countries whence it has come."

Furthermore, the editor of the *Wall Street Journal*, Mr. Clarence W. Barron, in a speech made in Boston in February of this year declared that the reëstablishment of a normal economic condition for the world will only be possible when the United States has guided back again into international channels the surplus of gold which is endangering the development of its own home demand on credit.

But, as already indicated, gold cannot fully exercise its former functions until international confidence in economic movements has been restored and people are assured of the stability of currencies and the inviolability of private property. Yet, how can confidence be restored so long as a portion of the world bristles with arms and threatens the rest with war? How will confidence revive so long as the countries of the world are burdened with a debt arising out of the war—a debt so crushing that it inevitably paralyzes all incentive to labor and destroys all hope for the future?

Besides the 11.5 billion dollars of war debt due to the United States by the Allies, there is another 12.5 billion dollars owing to Great Britain, France, and Italy, including the Russian war debt of about 4.5 billion dollars. In addition there are not inconsiderable war debts due to the neutral countries. But above all there is to be added to these already scarcely conceivable sums the

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German reparation obligations of almost 31 billion marks under the London Agreement. Thus the sum total amounts to between 55 and 60 billion dollars. This represents more than the total value of the American exports in the prosperous years from 1914 to 1922 inclusive, or sixfold the gold reserves of the world's banks of issue! A settlement of this enormous debt is only possible by means of commodities and services, as the Dawes Committee has rightly recognized. It appears impossible to effect a transfer of such sums to the creditors without endangering anew the stability of the international exchanges.

The first, and as I think successful, effort to deal with this gigantic indebtedness and to adjust the burden to the economic capacity of the debtor and to the interests of the creditor, is to be found in the proposals made by the Dawes report for a provisional settlement of the German reparation payments. Here, for the first time in the history of the reparation question, the fact that the liquidation of the debts would injure the creditor countries and, indeed, the world's entire economy, has been thoroughly brought out; and it has further been shown how such injury may be avoided. This proves that the question of international indebtedness has two sides. Only if (as in the case of the Baldwin-Mellon Agreement) a tolerable solution of this excessively difficult problem is found through mutual concessions, will the nations be able with renewed courage and energy to proceed to readjust the dislocated economy of the world. Then, and then only, will it be possible for capital to resume unhindered its function as the animating force of international commerce and, by unbinding the latent energies of industry, confer fresh prosperity upon mankind.

I have been an optimist all my life, and I firmly believe in the final triumph of human reason. The best and most encouraging evidence in justification of these views, as I see it, is in the favorable reception accorded in almost every country to the Dawes report. By its coöperation the United States has done the world an incalculable service. It will assuredly not leave its work incomplete; it will pursue the path upon which it has entered until the goal has been reached, until the opportunity for peaceful labor has been restored to the world and economic and cultural development resume their ordered progress.

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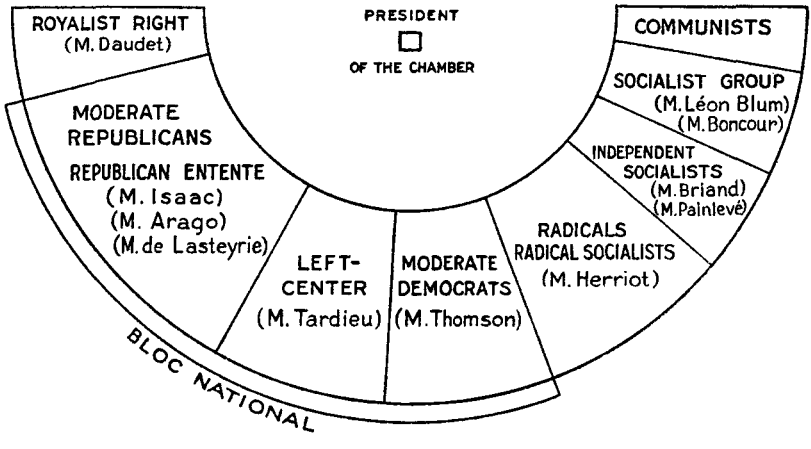
THE PROGRAM OF LIBERAL FRANCE

By Edouard Herriot

I AM delighted that FOREIGN AFFAIRS should give me the opportunity of explaining the program of liberal France,—that is to say, of the Radical Party, of which I have had the honor of being the leader for the past four years. During a recent visit to the United States I observed that Americans do not always have an exact understanding of the essential characteristics and activities of the various political parties in France. In particular, they sometimes seem to think that the so-called Radical Party represents ideas even more advanced than those of the Socialist Party. As a result, I was sometimes left with the impression (despite the courtesy of my reception) that I was looked upon as an extremist—almost an anarchist!

So my first task will be to sketch as clearly and precisely as possible the "topographical" position of my party, which, accustomed as it was to power in the days before the war, found itself in the recent Parliament reduced more and more to the rôle of the Opposition. Here is a diagram indicating the relative positions of the groups or blocs in the recent Chamber:



Thus, topographically, our party has as neighbors, on the left the Independent Socialists, so brilliantly represented by M. Briand and M. Painlevé; on the right the group—which, to tell the truth, is a little confused—of the Moderate Democrats,

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subdivided into many factions, such as the "gauche democratique," the "action republicaine et sociale," etc.

One way of characterizing the Radical Party would be to set down the names of all its principal leaders in past years. Léon Bourgeois has been the most outstanding; to him fell the task of formulating and proclaiming the philosophy upon which our views are based. But after all a political party is to be defined by its doctrines rather than by the individuals which compose it. It is not enough to declare that by our general complexion we hold a position in French politics somewhat analagous to that of the Liberal Party in England. Ideas, like flowers and fruits, vary with the latitude. It behooves me, then, to set forth the fundamental program of the French Radicals against the day when they will once again be called to power. In the following brief survey I shall strive above everything else for clarity.

FOREIGN POLICY

First, relations with Germany. The United States will be interested especially in our program for a foreign policy. Above all, what is our position with regard to Germany?

It scarcely needs to be said that we associate ourselves in the most explicit fashion with the great national claims of France for reparations. Germany must make compensation for the harm she wrought during the war. To us democrats this seems an even more urgent matter than it does to the nationalistic reactionaries. If one takes, as we take, the introduction of morality into politics as the keystone of our political edifice,—if one believes, as we believe, that the ideal body politic will be that which unites the methods of science to the ideals of morality,—concretely, if a new era is to be proclaimed, if there is to be promulgated a new international code, a liberal charter for the world, —then it is impossible to tolerate, here on the very threshold of this new era, the immoral spectacle of a Germany exonerated from her debts.

Thus the problem of reparations seems to us one of morality even more than one of economics or finance. For the economic solution we cheerfully accept the report of the experts. But Germany must carry out its provisions. We should take it in the worst possible part if, by citing misfortunes which she has in large part brought down on her own head, Germany, where imperialism still lingers, should escape from her obligations with the complic-

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ity of certain other nations. That would lead directly and inevitably to war—on that day when German industrial capitalism was able to draw upon the resources accumulated in foreign countries and mobilize against us the wealth which it had not only preserved but increased.

This being said, it must be added that we nevertheless will not associate ourselves in any manner with the policies of nationalists and chauvinists. To wish for the destruction of Germany is stupid from both the moral and political point of view. A people cannot be destroyed. Napoleon, in spite of all his military genius, proved this once for all. We regret sincerely that the French Government has failed to make a distinction between the Germany of the Junkers—which still lives—and democratic Germany, which is still very weak but which should be encouraged to gather its forces.

Not that democratic Germany seems to us to have very deep roots. Walther Rathenau himself wrote that the Germans are still an unpolitical people. The overturn of 1918, provoked by discouragement and weariness, had none of the character of those revolutions which transform the whole morale of a people because they are the culmination of a long period of liberal thought. But because of their very weakness these German democrats ought to have been aided, or even directed, by us.

One of the highest laws of intelligence tells us that nothing frees a conquering nation from the necessity of having a policy that takes into consideration the rights of the conquered. Rome understood this. Without sacrificing any of the rights of France, we should have wished to see this example followed. In other words, we wish success to the German Republic, and if she will accept—not hypocritically, but honestly—the report of the experts, we should willingly try to reach a *modus vivendi*, the application of which would necessitate a more general agreement for peace.

No one can deny the value—at least in the technical field—of German civilization. It would assuredly be profitable to have it collaborate as fully as possible with French civilization in the common tasks of humanity. We seek to dispel the shadow of Bismarck. But we feel no hostility—quite the contrary—for the immortal spirits of Beethoven and Goethe.

Second, France and Great Britain. A general organization of world peace under which France would resume her traditional

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rôle of good-will and magnanimity is, as I have said, our aim. To inject morality into politics, is, I have said, and I repeat, the watchword of all our efforts. But this world is not an abstraction. It does not do merely to enthrone justice and proclaim her power. The task of peace is above all a task of education; and that it may be undertaken forthwith is one of the reasons that we all desire the active coöperation of the United States. Just as in the case of a fleet, justice and peace need bases of support. So, too, we French democrats are earnestly desirous of a permanent and friendly accord with Great Britain.

If one set oneself to compare the British people with the French, one would never solve the problem, for the two systems of national ethics differ profoundly. All would be clear, on the contrary, and the solution brought nearer, if we could but bring ourselves to understand, once and for all, that England and France are two *complementary* nations whose mutual accord forms the indispensable adjunct for the establishment of world peace. This accord should be based on the community of effort which has characterized the centuries-long struggle of these two great nations for a liberal code. Since the thirteenth century at least,—that is, since the Magna Charta,—England has been the bulwark of modern law. In his memorable "History of English Literature"—a work which has contributed profoundly to the education of my own generation—Hippolyte Taine describes the Anglo-Saxon race as "this new arrival which, in the decadence of its sisters, the Greek and the Latin, has brought to the world a new culture with a new character and a new spirit." "This new spirit," he continues, "void of feeling for the beautiful, is all the more capable of feeling for reality. The deep and vivid impression which it receives from material things will later save it from Latin rhetoric and turn it to deeds at the expense of words."

Even though the course of history has modified certain of their characteristics, the Anglo-Saxons on the whole remain the same. The English character has created this empiricism which certainly is not incapable of rising to the heights of idealism, though by processes quite different from the intuition and sentimentality of the French. In the discussion of the reparation problem one has seen a certain hard practicality on the part of the English in opposition to French theory with its tendencies based on abstract right. But we democrats feel that men of

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lofty purpose should, despite differences in temperament, maintain between France and Great Britain a very necessary "mariage de raîson." So long as international agencies of arbitration fail to undertake the preservation of world peace, the coalition between the Liberals of England and the Radicals of France appears indispensable, if Europe is to be saved from some of the follies to which she is so often subjected.

Third, France and Russia. In this connection one pauses first to take into consideration that the French and English democracies,—and I would add the American democracy,—must defend the constitutional theory which grew out of the long efforts of thinkers and writers, both French and English, during the eighteenth century. The object of enemy attack at the present moment is the political régime which is founded on principles of human reason and on a belief in human progress. The Radical Party means to protect with all its strength, whether against monarchism or against communism or even against doubtful republicanism, the common creed of all democracies.

The spectacle which confronts all Europe today is a great conflict between democracy and dictatorship. On certain counts democracy has already triumphed. This was the case, for example, with the new-born Greek Republic, over whose cradle we have been watching. It was the case even more clearly with the new Turkey which, not hesitating to exile the Khalif, has sought to found its national unity on doctrines of abstract reason —a difficult enterprise, but one which we French democrats refuse to discredit in the name of inert traditionalism or negative scepticism. Should the Radical Party again be called to power it would at once do its best to strengthen the bonds which unite so many of its members with the Young Turks of Angora.

The shadow across this picture is the present situation in Russia, a country gripped in the last convulsions of Communism. The Soviet Government seems set upon justifying all the prejudices against it.

In its attitude there is much of the Orient. I cannot forget the opening words of Rudyard Kipling's story, "The Man Who Was": "Let it be clearly understood the Russian is a delightful person till he tucks in his shirt. As an Oriental he is charming. It is only when he insists upon being treated as the most easterly of western peoples, instead of the most westerly of easterns, that he becomes a racial anomaly extremely difficult to handle."

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It is perfectly clear, for instance, to all who have any knowledge of the subject, that Communism is at this moment conducting an incredibly stupid propaganda in France in compelling the party which it claims as its own not only to oppose all the parties of the Left, but to recruit its candidates without taking any account of their intelligence.

These paradoxes fly in the face of common sense. If Communism does not take care it will awaken a terrible reaction. In particular we must take great precautions if there is not to be in Russia and Germany and Hungary and Rumania a great recrudescence of anti-Semitism. That is one of the forms which the spirit of reaction might easily take if Semitic anarchists continue their efforts to break up nations. Against all these provocations, this puerile propaganda, these melodramatic threats, this assault of ignorance, this self-conceit (oh! the pride of the Russian) what is to be arrayed? Barriers of troops? The famous curtains of barbed wire, invented by M. Clemenceau, revolutionist turned reactionary? I say no. I have sufficient confidence in the spirit of liberty to be willing to leave the Russian problem to it; it has solved many others. On the day when the democrats of the world resume normal relations, or at least commercial relations, with the Bolshevists, Europe will not have been Bolshevized, but rather the Bolshevists will have become transformed. On the day when Soviet diplomats are received at Paris and Washington, they will not impose on their colleagues the Russian blouse; they will be the most faithful propagandists of the dinner-jacket.

Here again one must survey the matter intelligently. We must trust in liberty. Nothing can excuse the cruelties of Communist Russia, though in the East torture does not provoke revolt as it would in the West. One must not forget, however, that Russia had to free herself from the most frightful mis-government ever inflicted upon a long-suffering people. To defend herself she had no institutions, no public opinion, no freedom of thought or action. The *moujik*, once freed, revenged himself as did the slave of ancient times. Moreover, the expeditions organized against Russia with the help of notorious adventurers have had the practical effect of making the Bolshevists appear as the saviors of Russian nationalism—a service like that performed for the Jacobins by the emigrés.

But all that is already of the past; history will be the judge.

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The man of action looks to the future. It is by charity, patience and tolerance that we can be of service to Russia. One combats violence effectively only by keeping cool.

Fourth, the Italian Question. Equally, though in a different guise, the spirit of dictatorship has burst forth in Italy. The fascisti reaction is nothing but a revulsion against the ridiculous excesses of Italian anarchistic communism.

Here again let us be cool-headed. Italy, justly indignant that her right to be considered a Great Power should be questioned, still bears the scars of a war that brought her nation unity but in doing so imposed upon her heavy losses in blood and treasure. Her long and heroic effort (whatever may be said to the contrary) stretched her nerves to the breaking point. The national pride of a young and ardent country was aroused. Let us not be unduly concerned over it. The day will surely come when Italy will be content to rest in peace inside her enlarged frontiers. The spirit of democracy is only asleep. The individualistic behavior of her leader (I do not, of course, refer to the King) should not lessen our sympathy for a people that is hard-working, sincere and in every respect interesting.

If Signor Mussolini should lay claim to the domination of the Mediterranean, he would find us ready to combat such childishness. But in her legitimate desire to find ways of ensuring life and prosperity for her ever increasing population, Italy will find in us only a friend.

Fifth, the Little Entente. To conclude this rapid and necessarily incomplete survey of the European political situation as seen through the eyes of the Radical Party, there remain to be said a few words on a group of nations that has played a very important rôle in recent years— the Little Entente.

Now the Radical Party, like the French people as a whole, has the greatest sympathy for the peoples composing or closely connected with the Little Entente: for brave Serbia; for Rumania, whose importance has been doubled and whose population today numbers 16,000,000; for Poland, martyr of history; for the Czechs, whose past seems one long tribute to virtue. These nationalities, at last redeemed, have been supported throughout their sufferings by some of the greatest intellects in France. (Was not Michelet the spiritual father of Poland and of Rumania?) We do not forget that in 1871 a Czech assembly protested against the annexation of Alsace-Lorraine. We have,

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therefore, followed with unusual interest the labors of that subtle and discreet statesman, M. Benes, who has many personal friends among us.

Can it be said that the Little Entente, in its own mind or in ours, constitutes a perpetual barrier to Germany? To my way of thinking this would be a dangerous idea. Poland, for all its fine spiritual fervor, unfortunately has frontiers only of sand. Rumania needs time to consolidate Transylvania and the Banat, yet she is exposed in Bessarabia to a possible offensive by Russia, which, Bolshevist or not, refuses to forget the lost Paradise where the vine and the figtree flourish. Bohemia proper opposes sturdy ramparts to a possible "revenge"; yet she bears the burden of an insecure Slovakia. There as elsewhere—as everywhere—democratic duty conforms with national interest. But time is needed for stabilization.

Sixth, the League of Nations. Thus we reach once again the dramatic problem of the League of Nations.

We democrats were filled with hope when, at the head of the Treaty of Peace, we saw the Covenant of the League of Nations. We read: "*The High Contracting Parties*,

"In order to promote international coöperation and to achieve international peace and security

"by the acceptance of obligations not to resort to war,

"by the prescription of open, just and honorable relations between nations,

"by the firm establishment of the understandings of international law as the actual rule of conduct among Governments, and

"by the maintenance of justice and a scrupulous respect for all treaty obligations in the dealings of organized peoples with one another,

"Agree to this Covenant of the League of Nations."

This reverberated in our ears like a psalm. It seemed a pledge of the dignity of nations and the destiny of mankind; it was the vindication of morality and right on the morrow of the most frightful war in history. An altar was raised on the vast field of carnage. The weak, whether nations or individuals, could henceforth live their own lives. It was the dawn.

To be sure, the newly-made association was still fragile and imperfect in many respects. The Assembly was liberally constituted, but by the terms of the Covenant the Council was com-

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posed of representatives of the Principal Allied and Associated Powers and of four other members of the League, with the result that its composition still seemed to have the color of privilege. The connection between the Covenant and the Treaty of Peace was distinctly visible, and to some the knowledge hurt.

Yes, but can peace ever be improvised out of whole cloth? Let me repeat that peace is not an abstraction. The League of Nations seemed to us the embryo of a future international organization; and for the struggle against the *internationales*, whether Socialistic or Communist, it offered the best possible instrument.

It was a great blow to us when the United States refused to become a party to these hopes. I have no intention of judging the actions of good and true friends, much less to complain of them. I merely deplore them. The arguments used against the League are perhaps valid in view of traditions which have their merit and usefulness. But it was on another plane—on a higher plane—that we wished to place ourselves. We hoped little by little to lead the world to undertake a great task of re-creation. We thought we were to see the fulfilment of the most beautiful words of the Evangelist. Was not this our plain and pressing duty—rising above all the conventions of the past—towards those whose glowing youth is today beaten to the earth? It was a Revolution, the most idealistic, the most noble, that could be attempted,—the Revolution for peace.

But great works require faith. Only faith can create. To create is to believe. Though we are ready to defer to the criticisms of our American friends, we nevertheless beg them to sit down with us at the peace table. It is good to succor orphans; it is a finer thing to leave them their fathers. More, far more, than any political duty is the moral duty which calls us to join forces.

The League of Nations will be reformed. *But it is necessary to reform it from within, not attack it from without.* I look forward to the day when the democratic people of America will say to the democrats of France: "We are here!"

INTERNAL POLICY

Having summarized the views of the Radical Party in regard to its foreign policy, I now shall turn to internal affairs. I suppose this is a much less interesting subject to readers of FOREIGN AFFAIRS, but I think certain points should be made clear.

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First, let me take up the Radical Party's policy towards what we in France call "*la question laïque*," and which you would probably call in America "the church question." The Radical Party is often accused, in France and abroad, of being violently anti-religious. This simply is not so. I admit that in a country like ours, burdened with a history of several centuries of religious wars, the struggle for freedom of liberal thought has often been bitter. I grant that the polemics launched against Christianity in the name of freedom of conscience often reveal neither sincerity nor grandeur. It is this very sort of thing that has inspired us to urge the Separation of Church and State, which,—by a distinction that seems very elementary to the Anglo-Saxon mind but which is intolerable to certain Latin temperaments,—distinguishes definitely between the spiritual and temporal domains.

For the same reason my party has opposed the reëstablishment of the Embassy at the Vatican. Even courteous gestures, which mean nothing in countries where religious problems are considered coolly, must be used sparingly in a country like ours, where the church, or a certain group of its members, persists in attempting to regain political influence and interferes both in diplomacy and in the internal struggles between the various parties. We fully recognize in the Sovereign Pontiff of Rome the chief spiritual head of a vast section of humanity; but we desire to see him removed from all influence over our political problems, for example, over the Eastern Question.

Joining in one national unity Catholics, Protestants, and Jews, —protecting vast hordes of Mohammedans,—ruling over black and yellow as well as white,—France, we believe, should be unswervingly neutral towards all faiths. It is this neutrality which we call our "Lay Policy." Therein we are opposed to the conservative parties of the Right.

We differ from the Right also in the matter of economics and finance. The Radical Party prides itself on having substituted the income tax for the old French fiscal system based on the celebrated *quatres vieilles*. To be quite honest, this method of taxation was introduced much too late into our legislation. If we had gone ahead with it during the war, we should have been able, or nearly able, to balance our receipts and expenditure, as Great Britain did. In default of this method we had to have recourse to the onerous system of loans. If the French budget is today somewhat difficult to balance, it is not because ordinary expenses

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are too high, but because of the arrears of these war loans. We at least are anxious that the income tax be applied now. One problem presents itself, namely, how to handle the tax on personal property. The last Chamber hesitated to take any action. We would undertake the matter vigorously.

In addition, we believe that if our foreign policy triumphs it would be possible to effect important economies by a reduction both of armaments and of the term of military service.

With regard to social questions, the Radical Party remains firmly attached to the principle of private property. But we believe that the best way of supporting this principle lies in combatting its abuse. A due regard for individual property rights does not preclude assigning the state its share in national resources. An industrial state which was itself a producer would not find itself obliged to demand so much in taxes. We do not defend state monopolies in their present form, considering them much too bureaucratic. But we would be glad to see the state take back control of the railways and of organizations which are indispensable to the country's well-being. At least we look with favor on the system of the *régie intéressée*. We think it ridiculous that the state should intervene solely to meet the deficits of exploiting companies without ever sharing in their profits.

We heartily favor the expansion of production. My personal opinions are set forth in my book, "Crèer," in which I have attempted to define a program grounded entirely on production. To my mind the only statesman worthy the name is one who encourages the development of wealth without himself sharing in it in any way. I believe that government should be the constant auxiliary of commerce and industry. It should always attempt to shape its policy to their needs.

But it would be a very grave error to let political policy be ruled by autocratic economics—a tendency unhappily observable today in many countries. We see at this very moment in France a group called the "*Union des Intérêts Economiques*" which has raised a considerable sum for fighting the parties of the Left. *The day when economics dominates politics will mark the end of democracy.* Democracy pre-supposes a moral and reasonable system of continuous arbitration between individual citizens. If economic interests should succeed in securing a domination, Marx would be right. The democratic "balance" would then be destroyed, to give place to a permanent social

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conflict. The class spirit of the capitalists would then quite justify the class spirit of the workers. Materialism and economic fatalism would emerge triumphant over the idealism which is the foundation of democracy.

Production, then, must be encouraged—but on the understanding that it attempts neither to dominate nor absorb the state.

Individualists, since we recognize private property, we have conceived a social organization entirely different from that of the theoretical socialist. We do not think it is possible to achieve a permanent equality between men, and we say so bluntly. We do not wish to level everyone off, and especially to level them downwards. Social life is not static; it is dynamic. The human being should be regarded as a creator. At the very least, the humblest should be guarded against the inevitable accidents of life—whence the necessity for social insurance.

But the best way to aid the human being to emancipate himself is to educate him. To instruct, in the original Latin sense of the word, is to arm. A democracy does not seem to us, therefore, an arrangement for reducing all men to the same level, and the lowest level at that—as is the childish conception, at least ostensibly, of the Russian Bolshevists—but rather an order of things which, placing all citizens under the conditions most favorable to their development, permits the humblest to rise to the heights by his energy and (I do not hesitate to use the word of Montesquieu) by his virtue.

From this point of view there is much to be done in France. Undoubtedly the present means of instruction are many and varied. But from the very fact that our nation achieved a high degree of civilization at an early date, it harbors institutions bearing the imprint of every sort of régime. Monarchical creations like the Collège de France stand cheek by jowl with Revolutionary creations such as the Ecole Normale Supérieure and with creations of the Third Republic like the Universities. Our secondary system of education still carries the stamp both of the Jesuits and of Napoleon.

The Radical Party thinks it highly important to reorganize the school system according to the plans mapped out clearly by the French Revolution, and particularly in conformity with the ideas of Condorcet. It believes in the doctrine of a single school system, borrowed from Michelet, which provides that all children

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destined for the university shall begin in the primary school, in contradistinction to the present system whereby children of wealthy parents receive their first actual instruction at the *lycée*.

This is the method, in our opinion, of inducing true equality.

CONCLUSION

The limits of my allotted space find me, I fear, still far from a satisfactorily complete resumé of the program of liberal France, but I trust that I have at least been specific. Science and morality, I said at the beginning of my article, are the twin bases of all our theory. I repeat it here at the conclusion. We take our stand between theoretical socialism on the one hand and egotistical individualism on the other. The state appears to us as a sort of arbiter, whose obligation it is to deal out justice. In a democracy, we believe, there is no order without progress.

Between energetic and busy reaction, and revolution which is all words, we take our stand in defense of the doctrine of evolution and, through evolution, of progress. We wish to spare our nation all experiments of violence.

It is plain that this sort of wisdom is sadly lacking in the allurement of pretty nonsense. Man, we know very well, and especially the Latin type, orients himself above all by shibboleths. Possibly error is actually more attractive than truth. But that is no reason for surrendering to it. Athwart all varieties and shades of opinion we hold firm to our pursuit of the democratic tradition of France.

We wish our country to shine, not by the power of her arms but by the nobility of her ideal. We wish her to keep her traditional aspect of kindness, of justice and of generosity.

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THE DOWNFALL OF THE KHALIFATE

By Sir Valentine Chirol

WRITING a year ago in FOREIGN AFFAIRS[1] at the time when a resurgent Turkey was dictating terms of peace at Lausanne to the powers that had inflicted overwhelming defeat upon her in the Great War, I pointed to the grave portent that millions of Mohammedans, including Indian Mohammedans, were acclaiming her as the invincible sword of the Faith, whilst other millions of Asiatics who are not Mohammedan were hailing her as the champion and spearhead of an Asian revolt against the west.

An amazing thing has happened since then. Turkey of her own free will—for one must assume that the action of her present rulers is the expression of her will—has cast away the sword with which she had rallied the enemies of western civilization to her support; she has abolished the Khalifate upon which she based her claim to the leadership of Islam; she has deposed both Khalif and Sultan and driven into exile every member of the House of Othman that had ruled over her in unbroken succession for nearly six and a half centuries since the Turkish hordes, who became the Othmanli Turks, swept down from their remote Central Asian homelands to build up the Ottoman Empire on the ruins both of earlier Asian states and of Christian kingdoms and principalities in southeastern Europe. She has proclaimed herself a Republic of a type at least nominally advanced and democratic.

The downfall of the Turkish Khalifate owes its special significance to the circumstances in which it has taken place. The Khalifate is an Islamic institution which goes back to the death of the Prophet Mohammed in 632, and its history has been almost from the beginning a stormy one. *The Khalifa-Rassoul-Allah*, the Viceregent of the Prophet of God, is not a supreme pontiff, for orthodox Mohammedanism knows, strictly speaking, no priesthood. He is the guardian of the Sacred Law upon which public and personal law is alone based in Mohammedan countries; he is the Defender of the Faith, armed with the sword to defend a faith which leapt sword in hand into the world. Out of the dissension which sprang up over the selection of the first

[1] "Islam and Britain," Foreign Affairs, Vol. I, No. 3.

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Khalif arose within less than thirty years the great schism between Sunni and Shiah Mohammedans which, having engendered fresh heresies, endures to the present day. The fourth Khalif, Ali, son-in-law of Mohammed, was murdered in 661, and the Khalifate, which his followers, who became known as the Shiahs, have ever since repudiated, passed by a combination of violence and fraud to the Ommayad dynasty of Damascus. As a divinely appointed institution it has always been upheld, though with varying fervor, by the Sunnis who comprise the large majority of Mohammedans. But there have been many and often violent feuds as to the legitimacy of successive Khalifates whose title has in fact usually rested in the last resort on the power to enforce it. Since the Khalifate of Damascus there has never been a Khalifate universally recognized even by the whole Sunni communion itself. With the rapid expansion of Mohammedan conquests, which extended in the first centuries of Islam from Central Asia in the East to Spain and even a large part of France in the West, it became impossible to maintain unity either of temporal or spiritual sovereignty.

During the past four centuries, while the Khalifate was in the hands of the Turks, it remained with rare exceptions little more than a decorative appendage to the Turkish Sultanate until Sultan Abdul Hamid came to the throne in 1876. An English poet pilloried him as the "Red Sultan" after the first Armenian massacres in which he sought a solution of the Armenian question by a drastic elimination of his Armenian subjects. But there is no reason to believe that he was himself a fanatic. He liked to converse with Europeans, to whom he could be a charming host; he had many European tastes, notably in music and theatricals, and he built a private theatre for his own delectation within his palace grounds. He may not have been free from superstition, for a prophecy made to him in his childhood by a pious *fakir*, who claimed to have discovered his star in the heavens, that he would live to revive the ancient glories of Islam as Sultan and Khalif, made such a deep impression on him that he called his new palace "Yeldiz Kiosk" or the "Pavilion of the Star." In the same way he gave his confidence to an incredible extent to an inspired negro who professed to take down messages for him from celestial voices. Unquestionably an adroit diplomatist, he conceived the bold idea—at bottom political rather than religious—of seeking in the assertion of his spiritual power

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as Khalif a substantial compensation for the heavy loss of temporal power as Sultan which the disastrous Russo-Turkish war had inflicted upon him in the very first years of his reign. But he felt that his own dull-witted Turks who had never made anything of the Khalifate would hardly rise to the occasion. He resolved to call in aid other non-Turkish Mohammedan races beyond as well as within the political frontiers of his Empire.

First of all he had to restore the old autocratic power of the Sultanate. He quickly rid himself of Midhat's famous Turkish constitution, mainly invented in an hour of stress to throw dust in the eyes of Europe, and presently Midhat Pasha himself was banished to Arabia where he opportunely died from a cup of coffee. He broke up the old oligarchy of Turkish Pashas who under his predecessors had ruled the Empire from the Sublime Porte, and sounded for the first time a Pan-Islamic bugle-call when in 1880 he appointed as Grand Vizier none of the privileged ring of Stambul bureaucrats, but Khair-ed-Din, a Tunisian Arab, and emphasized in the Firman of appointment his right as Khalif to claim for the Sultanate the services of all orthodox Mohammedans outside as well as inside the Empire.

Henceforth the propagation of Pan-Islamism as the rallying cry of all orthodox Mohammedan peoples under the hegemony of the Turkish Khalifate became the keynote of his policy; and he was fortunate enough to secure before long as aider and abettor the German Emperor William II, who saw in a friendly Turkey a "bridgehead to German world dominion" and in Pan-Islamism a menace only to rival European powers who ruled, as he did not, over distant possessions with large Mohammedan populations. The Bagdad railway and other "concessions," together with the reorganization of the Turkish army under German officers, were the price that Abdul Hamid was quite willing to pay for William II's direct and indirect support, and notably for the speech which the German Emperor, after masquerading a few days previously as a crusader at Jerusalem, delivered at Saladin's tomb at Damascus, in 1898, proclaiming himself the "friend and ally of His Imperial Majesty the Sultan Abdul Hamid II, whom 300,000,000 Mohammedans throughout the world revere as the Khalif." This was the first and only recognition of the Turkish Khalifate by a great European sovereign. An active and widespread propaganda was steadily carried on throughout all Mohammedan countries from Yeldiz,

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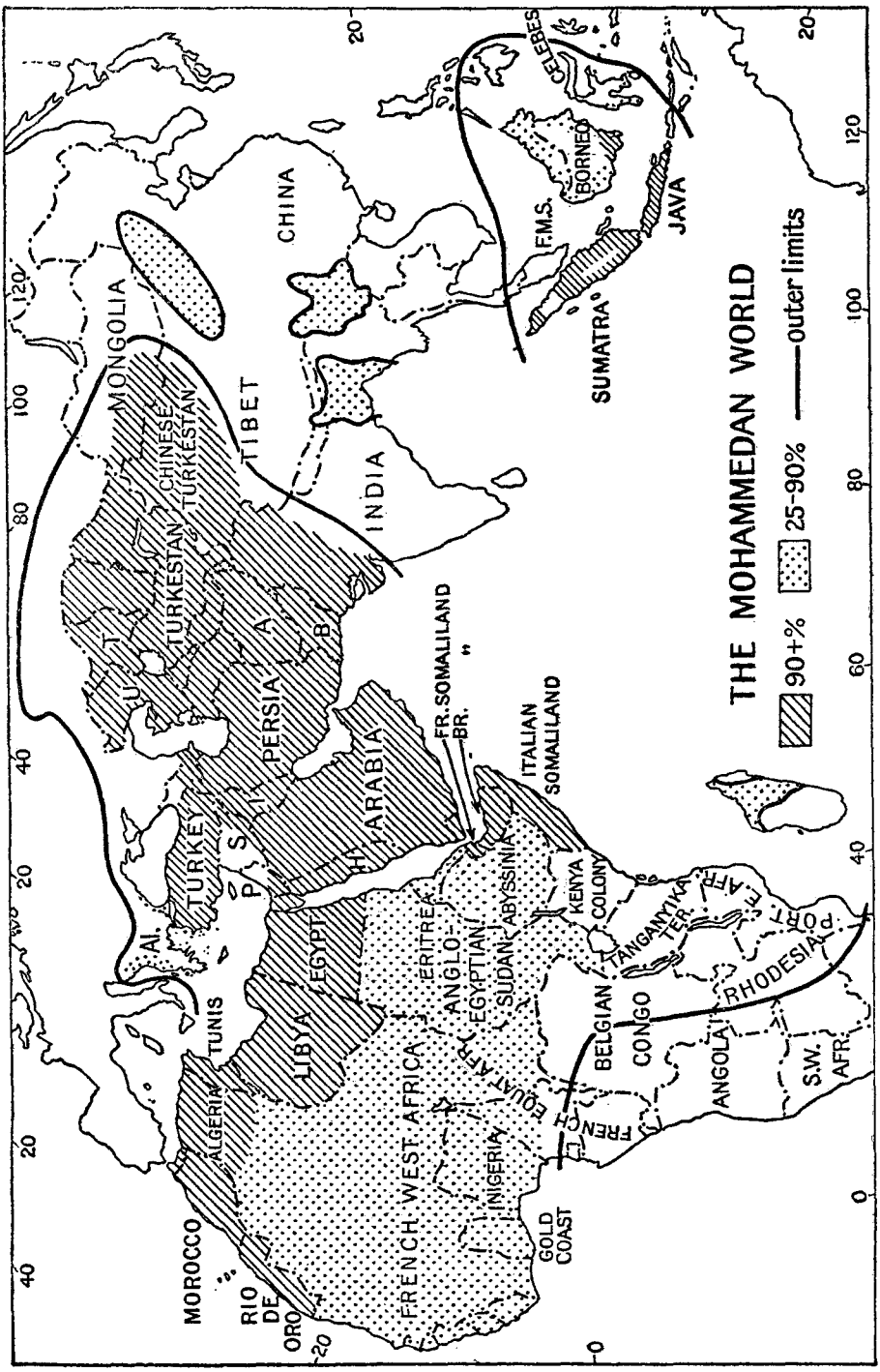

Based on map compiled by American Geographical Society.

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where Abdul Hamid surrounded himself for preference with Syrians and Albanians and Kurds, just as at Constantinople he relied for his Praetorian guard almost exclusively on other than Turkish soldiers. Nothing contributed more to the spread of Pan-Islamism than the building—with German help—of the Hedjaz railway to the Holy Places of Arabia, for the agents sent out into every Mohammedan country to collect subscriptions for it proclaimed far and wide the revival of Islamic glory under the great Sultan-Khalif.

But his methods of ruthless tyranny, largely bred of his constant fear for his own life (he himself owed his throne to two palace conspiracies) were his undoing. He had driven popular discontent underground, he had banished everyone who uttered the word "liberty" and he had at the same time estranged his army by preferring to make from time to time, especially in Macedonia, some more or less real concessions to the pressure of foreign Powers rather than take any risks of war.

The Turkish revolution of 1908 and Abdul Hamid's deposition in the following year were mainly the work of a discontented army, but one which was acting in combination with the "Committee of Union and Progress." This organization consisted of emancipated "Young Turks" on whom their religion sat very light, with a considerable leaven of Jews and Salonika crypto-Jews. The new Sultan, Mohammed V, who had spent thirty years in a gilded prison hermetically closed against the outside world, was a mere puppet in their hands, half-witted and quite incapable of shining as a Khalif, whilst the real rulers of Turkey, preferring to work on modern lines of extreme nationalism, merely retained Pan-Islamism as a sometimes convenient second string, especially when the Italian invasion of Tripoli and the Balkan wars deepened the conviction all over the Mohammedan world that the European Powers were bent on the destruction of Islam and that Turkey was the one Mohammedan state left to hold the Islamic fort. This situation the "Young Turks" knew well how to exploit, but for political rather than for religious purposes. Not until they rushed at Germany's heels into the Great War did they put the Sultan forward as Khalif in order to proclaim a *jehad* or Holy War against the Allies. It found hardly any echo at all amongst Mohammedans outside Turkey, but it created the right atmosphere for the wholesale massacres of Armenians which Enver and Talaat, in continu-

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ation of Abdul Hamid's policy, carried out and defended with greater frankness even than the "Red Sultan" as a political necessity that had nothing to do with religion. During the war, Pan-Islamism indeed was rapidly superseded at Constantinople by Pan-Turanianism, an extravagantly nationalistic movement largely modelled on Pan-Germanism, which aimed at subordinating to Turkish overlordship every country in which some kind of racial or linguistic affinity to Turkey could by hook or by crook be discovered. It went so far as to displace sometimes the ordinary symbols and war cries of Islam in favor of the ancient Turkish tribal symbols and war cries in the days before the Turks had embraced Mohammedanism.

After the military collapse of Turkey and her allies had compelled the Turks to sue for an armistice, they waited at first with fatalistic resignation for the terms of peace to be imposed upon them. The most notorious war leaders had fled to Central Europe, and Mohammed VI, who when he succeeded to the throne in 1915 only endorsed under compulsion Enver and Talaat's policy of war *à outrance*, chose his ministers from an older and more moderate school of Turkish officials as anxious as himself to restore peace to their exhausted country. Even after the procrastination and divided counsels of the Allies had given Mustapha Kemal his opportunity to reorganize the Turkish army and to stimulate a fresh spirit of resistance amongst the Turkish people of Asia Minor, it was on national rather than on religious lines that he appealed to Turkish patriotism. The landing of the Greek armies in Asia Minor, at the bidding in the first instance of the Allies, no doubt imparted to the struggle a spirit of intense religious as well as racial bitterness which Mustapha Kemal was perhaps too enlightened to share, but could not afford to discourage in the fresh life and death struggle into which he was leading his country. Still, even in the Turkish National Pact, which Mustapha Kemal opposed to the ill-starred Treaty of Sèvres, there was no mention of the Khalifate.

The pretense that Turkey had risen to arms again in order to preserve for the Sultan the temporal power and possessions essential to the maintenance of his spiritual authority as Khalif really originated outside Turkey, and, if the idea found favor in other centers of reactionary Mohammedan fervor and vehement anti-British feeling, it was amongst Indian Mohammedans that it found its most aggressive expression in the new school of

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Mohammedan extremists who had joined hands with the Hindu extremists for purposes of almost undisguised revolt against British rule in India. It was enough for them that the resurgence of Turkey, defeated chiefly by British arms during the Great War, was in itself a blow to the prestige and power of Britain. But in order to carry with them the bulk of the Indian Mohammedans hitherto generally conservative and loyal, they had to give a religious color to their essentially anti-British campaign and to read into the Turkish National Pact a meaning which, to say the least, it did not necessarily bear. The Turks were extolled as the champions of the Khalifate, and though Angora had made it fairly clear that it was quite resigned to the loss of its Arab provinces, including the Holy Places of Islam, the Khalifate party in India boldly described the recovery of the Holy Places as the supreme purpose of Turkey's magnificent rally in defense of the Faith. The rulers of Turkey could hardly be expected to repudiate any war aims that brought them such unexpected and valuable support. For it was the violence of the pro-Turkish agitation in India that, more than anything else, led the Government of India and the Imperial Government to recede rapidly from all the positions they had taken up in the Treaty of Sèvres, and finally induced them to acquiesce in the humiliating surrender of Lausanne, which no British minister has ventured to defend on any other plea than that it was the best that could be made of a hideously bad job.

How vastly different were the purposes for which Mustapha Kemal had actually been fighting from those with which the Indian Khalifate stalwarts had chosen to credit him, became apparent as soon as he had "won the peace" for Turkey in the Mudania Convention. Within a few weeks the Sultanate was abolished and, though the Turkish Khalifate was maintained, the new Khalif chosen in place of the deposed Sultan was shorn of all temporal power. This was a terrible blow to the Khalifate agitation in India, ostensibly based as we have seen upon the theory that temporal power was essential to the maintenance of the Khalif's spiritual power. But the Indian extremists could not afford to look facts in the face or to throw away the stick which they had been using to beat the British *Raj*. They tried to ride off on such sophistries as that the Khalif, freed from the worldly pre-occupations of government and administration, would be able to devote himself all the more earnestly to the dis-

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charge of his spiritual duties as Khalif, whilst he would still have the temporal power of an invincible Turkish state behind him in order to vindicate the rights of Islam and eject the influence of Infidel powers from every corner of the sacred peninsula of Arabia. These sophistries were in turn ruthlessly shattered by Angora as soon as the final Treaty of Lausanne had set Mustapha Kemal's hands completely free from the entanglements of foreign policy. Within little more than two months Turkey was formally proclaimed a Republic and Mustapha Kemal invested with almost dictatorial powers, and, though the Khalifate in the shape given to it in 1922 remained nominally untouched, signs were very soon not wanting that its days also were numbered.

By the strange irony of things it was two distinguished Indian Mohammedans, resident chiefly in England and both eloquent champions of the Turkish Khalifate, who drove one of the biggest nails into its coffin. The Aga Khan, worshipped in India by his own sect as almost a divine incarnation and well known on English race courses and in the smart circles of London, and Mr. Justice Ameer Ali, a person of greater weight as a member of the Judicial Committee of the British Privy Council, wrote a joint letter to the Angora Government in the name of the whole Sunni Mohammedan communion expressing its religious anxieties in view of recent developments in Turkey, and urging her Republican rulers to uphold the dignity and power of the Khalifate. This letter was regarded in Angora as a piece of interference all the more unwarrantable in that neither of the signatories belonged to the Sunni communion, for which they professed to speak, both of them being from the orthodox Sunni standpoint equally rank heretics, if of different schools of heresy. Behind this letter, written in English and coming from London (where the signatories were credited with a vastly exaggerated amount of influence in British official circles), and worst of all translated and published simultaneously in three Turkish papers at Constantinople, the Angora Government at once scented a deep-laid British political intrigue. Another Constantinople paper was at the same time voicing very vehemently the cause of the Khalifate. The Grand National Assembly instituted a special tribunal, styled the "Tribunal of Independence," which proceeded against all the obnoxious editors; but the action against those who had merely published the Aga Khan-Ameer Ali letter failed, as their offense could not be brought within the four corners of

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any existing law. Other incidents contributed to convince Angora that the Khalif, if not himself disloyal, was a dangerous center of disaffection, and after an ominous speech delivered during the budget debate by the President of the Republic, who was also the President of the Council of Ministers, President of the Grand National Assembly, and Commander-in-Chief, resolutions were passed (March 3, 1924), with only two dissenting votes, for the abolition of the Khalifate. The very next day the sentence of deposition was read to the Khalif at Constantinople and that night he and his son were put across the European frontier. A few days later all the remaining members, male and female, of the House of Othman were likewise banished, and their inherited and personal possessions, palaces and jewels and all the rest, were confiscated for the use of the State. To emphasize the significance of this action a series of drastic measures was forthwith enacted by the Grand National Assembly. The Sheikh-ul-Islam, who had formerly held rank immediately after the Grand Vizier, was to be no longer even a member of the Cabinet and his functions were to be purely religious. All the property of the *Evkaf*, or Pious Foundations, was appropriated to the State. The administration of the law hitherto based entirely upon the Koran was subordinated to the civil authority, as was national education by the abolition of all religious schools. The Turkish Republic became a lay republic which is the negation of Islam.

What are the reasons that may account for this "iconoclasm," as one of the more sober Indian Mohammedans terms it? To answer that question one would have to read the riddle of Mustapha Kemal's perplexing personality. The British army knows him as the able soldier and clean fighter of Gallipoli who defeated its last great effort on the heights above Suvla Bay in August, 1915. Liman von Sanders, the head of the German Military Mission to Turkey before and during the war, has singled him out almost alone for praise in his war book, "Five Years in Turkey," a dispassionate but damning indictment of the military incompetency and gross corruption that prevailed at Constantinople. Only an exceptionally capable and energetic administrator could have reorganized the Turkish army as Mustapha Kemal did after the Great War or could have galvanized into fresh life the exhausted forces of national resistance; and if the final collapse of the Greek armies in Asia Minor was

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largely due to the sins of Athens under the Constantinist régime, experts are agreed that Mustapha Kemal's crushing assault on the Greek center in August, 1922, showed him to be a master of strategy. That there are in him elements of greatness none can deny. Is the revolution which he has carried through the work of an enlightened social reformer, convinced that the regeneration of his country can only be consummated by freeing its people from the trammels of a narrow creed which blocks the way against all modern progress? Or has the intoxicating love of power turned his head and prompted him to destroy the Khalifate as the only danger that might threaten the dictatorship which he has built for himself on the ruins of the Sultanate? Has he been consciously or unconsciously inspired by the example of Soviet Russia? Evil association corrupts good manners, and the rift between Turkey and Russia at Lausanne has hardly affected the great influence which Moscow exercised at Angora during the most acute period of Turkey's renewed conflict with Europe. The recent measures of wholesale confiscation both of the property of the Ottoman Imperial family and of the great possessions which it has always been the custom of Mohammedans to protect by placing them in religious trust as "Pious Foundations," seem to be directly copied from Soviet practice; and if the war which Mustapha Kemal is waging against Islamic institutions is not so openly proclaimed as the Soviet's war against Christianity, it is perhaps not less deadly and certainly not less predatory. Those who prefer to place the best construction on the Turkish dictator's policy contend that it really reflects a great psychological change in the mentality of a large majority of the Turkish people, who have been driven by the terrible ordeal through which Turkey has passed during the last twelve years and more to subordinate religious sentiment and interests to the more vital exigencies of national salvation. In support of this contention they can point to the extraordinary indifference which the Turkish people as a whole have displayed in the presence of a revolution that has shattered their most ancient institutions.

It is indeed not inside but outside Turkey that one must look for the chief repercussions of recent events at Angora—all the more widespread because of the attempt made in the first place by Abdul Hamid, and in more recent times by restless elements throughout the Mohammedan world, to exalt the Turkish Khali-

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fate into a universal Khalifate. This last pretense must obviously be now abandoned, but it is argued, rightly enough, that though Mustapha Kemal has abolished the Turkish Khalifate he cannot touch the Khalifate as an Islamic institution, which if disowned in Turkey must continue to subsist elsewhere. But where? Already there are signs of the same discord that has so often split up Islam in former ages. The King of the Hedjaz as an authentic descendant of the Koreish tribe of the Prophet has hastened to declare his readiness to accept the office of Khalif, more or less spontaneously offered to him by Arab delegations from Syria, Palestine, and Mesopotamia as well as from his own scanty dominions. But his revolt against Turkey during the war, in alliance with Britain, makes him still less acceptable to Indian extremists than King Fuad of Egypt, who is also credited with a desire to enter his candidature. There is no love lost between Arabs and Turks, but Arabs and Indians despise as well as dislike each other, brothers though they all may be in the Faith. Another candidate may be the King of Afghanistan, now that Britain has recognized him as an absolutely independent sovereign, and he is so close to the gates of India that the extremists might welcome him as a potential sword of the Faith to be turned against Britain. The Afghans, however, have made a bad name for themselves in Indian history, and this might weigh against the King's candidature with conservative and well-to-do Mohammedans, whilst it would certainly frighten Hindu Nationalists who have no wish to exchange British rule for a fresh cycle of Mohammedan despotism. There is talk of a sort of Mohammedan Œcumenical Council at Cairo next year, but the chances seem to be that Islam for a time will be split up, as it has been before, and even more than it has been recently, into a number of separate Khalifates.

It is a prospect which need not disturb any European nation with large Mohammedan connections in its overseas dependencies, for none of these Khalifates is likely to assume such a militant shape as the Turkish Khalifate has assumed at times during the last half-century. Nor is it a prospect which should alarm any earnest and enlightened Mohammedan, for with the beginning of the Turkish Khalifate there settled down upon Islam as a whole the same blight which the conquering Turk brought with him everywhere. If that blight is now finally removed and the leadership of Islam passes from the Turkish race

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back to the Arabs, or even to any other race more capable of moral progress and more intellectually elastic than the Turk, one of the great religious forces of the world may yet recover some of the enlightened vigor which it displayed, far in advance of Europe, during the most splendid periods of the Damascus, Bagdad, and Cordova Khalifates.

But what of Turkey? If we put aside the rather grotesque suggestion of some of his Indian worshippers, who in order to cover their desperate mortification would have Mustapha Kemal revive the Turkish Khalifate in his own person, Turkey shorn of the prestige and influence which the possession of the Khalifate has, in our own days at any rate, conferred upon her, must sink to the position of a third rate state, barely equal in general resources to any of the Balkan States over which she used to rule. Her population, estimated at between six and eight millions, has been decimated by the war and is believed to be still shrinking, as it was already doing before the war, from congenital disease. It will henceforth be purely Turkish, for of the Greeks and Armenians who in 1914 still numbered some three millions in Asia Minor, only a very few remnants are left. These were the most intelligent and economically active communities and their disappearance renders incomparably more difficult any recovery of financial stability in a practically bankrupt country. Owing to her geographical position and to the fighting qualities of her people the new Turkish state will remain by no means a wholly negligible factor in the Near East, but even if we credit its rulers with the best intentions as well as with great energy and ability, Turkey can never renew either the glory or the havoc of the old Ottoman Empire that has now disappeared out of history.

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THE DAWES REPORT

By Roland W. Boyden

REMEMBER the unknown heroes. Do not stint the congratulations to the Dawes Committee, to the Reparation Commission,—and to the governments which, besides permitting the Commission to appoint the Dawes Committee, showed the best of good faith by going to the unusual extreme of permitting their representatives upon the Committee to express a real opinion. But remember especially the unknown heroes, practical economists and students of government finance who worked with the Committee, but in the background out of the limelight. Without them no committee of business men, however eminent, could have formulated a report worth cable charges across the Atlantic.

FUNDAMENTAL FEATURES OF THE REPORT

The essence of the Committee's plan consists in the distinction between (1) the payments by Germany to the Allies which are all to be made in Germany with German money, and (2) the transformation of these payments by the Allies into foreign currency.

Simplified on very broad lines the plan may be stated somewhat as follows:

In part from railroad and industrial earnings (in the form of interest upon securities delivered to the Allies), and in part from taxation, Germany is, during the first five-year period, the period of reconstruction, to pay to the Allies in German money amounts fixed by the Committee itself. These payments increase gradually until in the fifth year they reach a so-called "normal" of 2,500,000,000 gold marks.

At this stage the "index of prosperity," described later, comes into play. If this index shows an increase in prosperity the payments, always from the same sources, are each year to increase beyond the normal by about one-half the percentage of increase then shown by the index. After a second five-year period, the payments are to increase each year beyond the normal to the full extent of any increase in prosperity then shown by the index.

All these payments are domestic payments, paid to the Allies in Germany in German money. It is this fact alone that makes them surely possible. If they were required to be made in foreign

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currency, or if, when received, they were to be transformed by the Allies into foreign currency without restriction, no stabilization of currency or balancing of budget would be possible, and the payments themselves would inevitably soon cease.

To prevent this disaster, the Committee provides that the payments shall be transformed into foreign currency only to the extent to which this can be done without endangering the stability of the new German currency. If they cannot be safely transformed, and if for that reason they accumulate to the extent of 5,000,000,000 gold marks, the payments by Germany are to be reduced enough to stop the accumulation.

A new Bank of Issue and a new currency, of course; changes in railroad organization; arrangements for issue to the Allies of railroad and industrial securities; an international loan of 800,000,000 gold marks, partly to help the bank, and partly to finance deliveries in kind before Germany herself can finance them; control of certain revenues as security for the international loan and the payments; an effective but not obstructive supervisory organization;—these are details of the machinery provided for working out the plan.

ITS AUTHORITATIVE NATURE

The report is the first authoritative statement of fundamentals in reparation history. Whatever its immediate fate, it constitutes a milestone. A step has been taken from which there is no turning back. The financial needs of the Allies, our wishes and our prejudices, Germany's responsibility for the war, her overworked printing press, the escape of her capital, extravagance in her cafés and by her tourists, her smoking chimneys, her magnificent plant, her genius for organization, will never again be sufficient in themselves to convince anybody that Germany can pay in full. Anyone hitherto satisfied to stop thinking at some one of these points must know now that, *after giving to all of them their full weight*, there remain limiting economic factors, which, if not taken into account, will kill the goose.

What has happened? Secretary Hughes said at New Haven in December, 1922:

"There ought to be a way for statesmen to agree upon what Germany can pay, for no matter what claims may be made against her, that is the limit of satisfaction. There ought to be a way to determine that limit and to provide a financial plan by which immediate results can be obtained and the European

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nations can feel that the foundation has been laid for their mutual and earnest endeavors to bring about the utmost prosperity to which the industry of their people entitles them. If statesmen cannot agree, and exigencies of public opinion make their course difficult, then there should be called to their aid those who can point the way to a solution. Why should they not invite men of the highest authority in finance in their respective countries—men of such prestige, experience and honor that their agreement upon the amount to be paid and upon a financial plan for working out the payments, would be accepted throughout the world as the most authoritative expression obtainable?"

Not a profoundly original thought; just plain common sense, and, therefore, an exceptional flight of statesmanship,—not because statesmen have no common sense, but because the simple things which if they were plain citizens responsible only to themselves they would do without thinking twice, are difficult for statesmen.

What Secretary Hughes suggested is what has happened. Men of the highest *authority and prestige, experience and honor*, have agreed upon a financial plan for working out the payments, and this plan is, and will remain, the *most authoritative expression obtainable*.

RESTORATION OF FINANCIAL CONFIDENCE

The essential of any reparation plan is that it shall be capable of restoring financial confidence, that confidence in Germany's financial recovery and stability which both Germany and the outside financial world lost, not at a given moment, but progressively as the effect of the old reparation system came to be fully realized. The restoration of financial confidence is the real test by which to measure the accomplishment of the Dawes Committee.

The Committee, naturally, recognizes and emphasizes this necessity:

"The solution of the double problem submitted to us implies indeed the restoration of Germany's credit both externally and internally," etc.

Again:

"More important still is the fact that the success of our proposals to attain financial stabilization depends essentially upon the return of confidence. Without this the return of German capital invested abroad, the attraction of foreign capital for the purposes mentioned in the scheme and of foreign credits for the current conduct of business, and even the proper collection of taxes, will alike be impossible. Such confidence cannot be attained unless a settlement is now made which both Germany and the outside world believe will give an assurance that for a considerable period neither its finances nor its foreign relations will be endangered by renewed disputes. Such an assurance, as we

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shall see, does not mean making the charge on Germany a uniform one over a period of years, nor even deciding beforehand what the charge shall be in each of these years. But it does mean settling beforehand the method by which increases shall be determined."

The Committee's emphasis on the necessity of restoring confidence is most useful. But equally useful is the impression of sincerity which the report as a whole makes upon the reader. The reader feels that these men believe what they say. They have really tried to forget politics and prejudice, and to solve a problem. The Committee was in substance an arbitral tribunal on matters of highest international importance which had long been the subject of heated controversy. The ring of sincerity which pervades its report is no small part of the Committee's accomplishment.

This ring of sincerity is all the more important because the tribunal is not, from the point of view of a German, an unbiased tribunal. It would have been better if neutral representatives had been included in the Committee. Its conclusions would not have been substantially modified, and would have seemed more convincing to the Germans. It is natural, when you have the power to do so, to want to control the tribunal which is to decide your own case; but when one essential is that the other party shall have confidence in the decision, your control of the tribunal is a handicap. The obvious conviction of the Committee will help greatly to overcome this handicap.

The presence of Owen Young and General Dawes upon the Committee—though citizens of an "Associated Power"—adds great weight to its conclusions. It would be a mistake to attribute the Committee's success wholly to them, but it is an equal mistake not to realize that it would be impossible without them. We know that the unanimity in which they participate does not mean what unanimity has so often meant in the past in decisions presented to the Germans—the unanimity of half-baked, futile compromise in which, to make ostensible unanimity, political considerations were allowed to control economic reality. Neither of these Americans lacks sense or courage. They would have stood alone if that had been necessary. A German may be excused for not knowing all this as well as we do, and yet with but little exercise of the imagination he too can see that Messrs. Young and Dawes were in one sense a separate tribunal. They occupied a position of real independence, because their dissent

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would have been serious, not to themselves, but to any plan from which they dissented, and to the currencies of the other countries represented on the Committee. There was no serious possibility that pressure upon Messrs. Young and Dawes would persuade them to yield any conviction.

THE GUARANTEES OF CONFIDENCE

Under the Committee's plan, the restoration of confidence depends upon two provisions. They are new, a complete departure from the old system. They are basic. They take nothing from the Allies which it was possible for them to get; they take nothing from Germany which she ought not to pay as a result of the arbitrage of war; yet they leave hope and incentive to Germany and to every German a chance for a place in the sun.

These two provisions are the real guarantees of confidence, and so the real guarantees of the plan's success. They may be summarized as follows:

First, Germany's payments are all to be in German money. They are to be limited to Germany's taxable capacity. Germany is to be taxed at least as high as the other countries, but she need not fear that extreme taxation which means financial ruin.

Second, and more important, transfer of her payments into foreign currency is limited to such amounts as can be transferred without disturbing seriously the stability of Germany's new currency; that is, without causing serious fluctuation in the rate of exchange.

The importance of this second guarantee is so great that the Committee's statement of it should be emphasized:

"But the limits set by the economic balance, if impossible of exact determination, are real. For the stability of a country's currency to be permanently maintained, not only must her budget be balanced, but her earnings from abroad must be equal to the payments she must make abroad, including not only payments for the goods she imports, but the sums paid in reparation. Nor can the balance of the budget itself be permanently maintained except on the same conditions. Loan operations may disguise the position—or postpone its practical results—but they cannot alter it. If reparation can, and must, be provided by means of the inclusion of an item in the budget—*i.e.*, by collection of taxes in excess of internal expenditure—it can only be paid abroad by means of an economic surplus in the country's activities."

The mere statement in the report of its two basic principles would not restore confidence. Germany and the outside financial world must feel sure that these principles are not to be violated, not merely in the next few years, but in the long future. For

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this reason, while providing that Germany's payments shall increase as her capacity to pay increases, the Committee points out emphatically that

"increased demands to correspond with increasing capacity should be determined by a method which is clearly defined in the original settlement, and which is capable of *automatic, or at least professional, impartial, and practically indisputable* application."

The words which the writer has italicized sound strangely sweet to one who has dwelt in the House of Reparations.

The machinery provided for protecting the second guarantee of confidence is simple. When Germany has made her payments in German money, she has fulfilled her obligation. The problem of transforming this German money into foreign currency is up to the Allies. This task is entrusted to a "Transfer Committee," which is to determine from time to time whether the accumulated domestic payments can, without endangering the stability of German exchange, be transformed into foreign currency. This question cannot be determined in advance. It depends on judgment of conditions at any given time. The machinery is appropriate and adequate.

But the proposed organization of the Transfer Committee is obviously a relic of what the late Signor Bertolini, Italian delegate on the Reparation Commission, in humorous vein dubbed "The System of Interallied Distrust." It is composed of six members: the Agent for Reparation Payments, Chairman; one representative each of Great Britain, France, Italy, Belgium, and America. Here are five too many members. One man would do the job better. Any one man of any nationality would feel bound to impartiality; while with six members, too many will feel free, almost bound, to pull and haul for supposed advantage. But no single decision by this Committee, however constituted, will have far-reaching consequences. Any serious mistake, immediately advertised to the world by its reflection in the exchange rate, is sure to be corrected. We can be confident that this machinery will work.

The other, the first mentioned, guarantee of confidence is the limitation of Germany's payments to the Allies to Germany's taxable capacity.

The Dawes Committee guarantees the application of this limiting principle, first by itself determining that certain named payments are within Germany's taxable capacity. The deter-

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mination by the Committee of these definite amounts should, as Secretary Hughes said, "be accepted throughout the world as the most authoritative expression obtainable."

The payments, so determined by the Committee itself, increase during the five-year period of reconstruction, reaching a "normal" of 2,500,000,000 gold marks annually at the end of the five-year period. Any increase beyond this "normal" in subsequent years depends on an "index of prosperity" practically automatic in its operation. This index of prosperity is the average increase of six sets of statistics, "railway traffic, population, foreign trade, consumption of tobacco, etc., budget expenditure, and consumption of coal," over their average for certain prior years (chiefly 1926–1929). As we see by reference to the annex, the "etc." means something to which the Volstead Act, combined with the Monroe Doctrine, prohibited more specific reference. The annex shows also that budget receipts are included as well as expenditure.

These determinations of the Committee, with their possible increase by application of the index of prosperity, are guarded in four ways:

First, during the reconstruction period by a provision for slight readjustment, if the judgment of the Committee proves to have been either too optimistic or too pessimistic.

Second, by a permanent provision for readjustment, if and whenever the value of gold changes by as much as ten percent.

Third, by a provision that any increases resulting from application of the index of prosperity shall during the second five-year period be limited to about half of Germany's payments, *i.e.*, to the payments derived directly from taxation.

Fourth, by the specially important provision limiting the accumulation of Germany's payments, which, it must be remembered, are all made in Germany in German money to the Agent for Reparation Payments, who is the Allies' agent. If these paymen s cannot all be transformed into foreign currency without seriously affecting the rate of exchange, and if the accumulation for this reason reaches 5,000,000,000 gold marks, then payments from the German Treasury are reduced enough to stop accumulation beyond the 5,000,000,000 marks limitation. But the payments increase again whenever exchange conditions permit the transformation of larger payments into foreign currency. If the trade balance is good, and the exchange

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situation proves strong enough to enable all the German payments to be transformed into foreign currency, there will be no occasion to worry about Germany's ability to make the full payments. If the exchange situation is not strong, this limitation upon their accumulation in the hands of the Agent will come into play just when it is most needed.

THE EFFECT OF THESE GUARANTEES

The unknown hero who devised the foregoing machinery knew his business. The principles underlying the problem have long been common property, but the method of guaranteeing the application of these principles is new and convincing. It gives the Allies all they can get. It guarantees the fundamental factors necessary for Germany's financial reconstruction and maintenance. It is a method "which is clearly defined in the original settlement, and which is capable of automatic, or at least professional, impartial, and practically indisputable application."

These guarantees—because they ensure confidence—make possible the new Bank of Issue, a most important detail, but nevertheless merely a detail. Without them the new bank-note would have no more permanent effect towards restoring currency stability than the Rentenmark, and without them the new railroad stock and bonds, and the new industrial bonds, also details, would be as valueless as the bonds provided for in the treaty, or the "C" bonds of sacred memory.

These guarantees of confidence make possible and wise the proposed international loan, a very substantial amount but a bagatelle in comparison with the ends which we in the United States, as well as our friends abroad, devoutly seek. This loan is safely protected by the plan, but it cannot be too often and emphatically pointed out that the American investor is not eager for German loans, and will subscribe, even to a loan that is safe, only in order to contribute to a settlement which helps our Allies towards reparation and the world towards general economic prosperity, and peace.

The Committee points out clearly that:

> "The amount required for the service of this first and any subsequent loans must be deducted from the sums which in subsequent years can, in accordance with our plan, be placed at the disposal of Germany's creditors. In effect the loan is only an anticipation of the sums subsequently available which, it is necessary to emphasize, represent in our opinion, the maximum burden and therefore one not capable of increase."

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The guarantees of confidence make possible the elimination of the insistently urged two-, three-, or four-year definite moratorium, not only undesirable politically, but practically. They make it possible even for the French army to stay unobtrusively in the Ruhr for the temporary period necessary to fulfil the French promises to themselves; for those who doubted French intentions can now be sure that France is not determined to destroy Germany. If she were, she would never have allowed the Dawes report to be promulgated, to say nothing of accepting it.

And more than all, the guarantees of confidence make it possible for the plan to work—*i.e.*, for confidence to be restored—although the total obligation of Germany is not changed, either by reduction of the 132,000,000,000 gold marks to a lower and definite figure, or by fixing the time when the annuities provided in the plan shall cease. That desirable consummation is not an immediate necessity; it will come of itself sooner or later by commutation of the annuities into a funded external debt of Germany. But the guarantees make certain that whatever amount may then be arranged, it will not be 132,000,000,000 gold marks. It will not be too great or too small. It will be measured by Germany's capacity to pay, and the capacity will be very substantial. That is the essential.

If financial confidence could not be restored without determining immediately either the amount which Germany is to pay or the number of years during which she shall continue to pay, it would be necessary to make one of these determinations now, in order to avoid worse consequences. But, if economic conditions permit, justice requires that so long as France and Belgium (to mention only the most obvious illustration) are severely handicapped by the devastation of the war and the burdens of reconstruction, they shall share in Germany's prosperity, if she is prosperous. The Dawes Committee was not permitted to discuss the sum or the period of years, but it should not be forgotten that if the Dawes Committee had thought such determination necessary in order to restore confidence they could not have signed the report. The report therefore necessarily expresses their opinion on this point, with which the writer is in accord.

The old reparation program, with practically unlimited obligations, with no reliable safeguards, and backed by armed force, was admirably calculated to produce a financial reign of terror in Germany. As realization grew, it did progressively produce that

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reign of terror, accompanied by financial ineptitude and anarchy comparable to the political ineptitude and anarchy which accompany a political reign of terror. The conditions which created this terror have had far more to do with the present deplorable status than have the loss of German resources and the actual payments made by Germany. It is safe to say that if the safeguards of the Dawes report had been embodied in the original treaty system and applied in the spirit of the Dawes report, Germany would have paid far more than she has paid in the last five years, and would have been in far better condition today to continue payment.

If the guaranteeing principles, which are the foundation stones of the Dawes report, are accepted, the long reign of terror will be ended. Exchange will be stabilized; the budget can be balanced; taxes, while high, will not be destructive. These are the conditions of sound finance, under which private citizens may work and save and prosper, under which foreign credit for commercial transactions may be obtained under pre-war conditions, under which foreign trade can flourish, under which reparations can be paid. The debt may remain as it is, but the impossible part of it, whether large or small, will not threaten either the state or the private citizen. No one who followed Austria's descent into the depths of the financial slough of despond, and then witnessed the transformation which followed when hope and, later, confidence succeeded despair, as the result of the League of Nations' Relief Plan, will ever doubt again the miraculous economic effect of hope and confidence. The Dawes plan means the same thing for Germany.

The Dawes report sums up the prospect well:

"Under this system Germany will retain her incentive to develop, as it retains the major part of the advantage of any increase of prosperity, while the Allies obtain a reasonable share in this increase and avoid the risk of losing through a premature estimate of future capacity."

The Committee demands from the Allied and German Governments and their peoples one intangible guarantee, good faith in the carrying out of its plan:

"Finally, convinced as we are, that it is hopeless to build any constructive scheme unless this finds its own guarantee in the fact that it is to the interest of all the parties to carry it out in good faith, we put forward our plan relying upon this interest. We hope the character of our plan will itself assist in securing this guarantee, which is essential for its execution, but in the main, of course, it must be for others to take such measures as are necessary to maintain or assure it."

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And one very tangible guarantee:

"In the first place we regard our report as an indivisible whole. It is not possible, in our opinion, to achieve any success by selecting certain of our recommendations for adoption and rejecting the others, and we would desire to accept no responsibility for the results of such a procedure nor for undue delay in giving execution to our plan."

EARLIER OPPORTUNITIES MISSED

Lest we forget! There have been two outstanding earlier opportunities for doing just what the Dawes Committee has now done.

Nearly two years ago the Bankers' Committee, appointed in the same way by the Reparation Commission, and with J. P. Morgan as the American representative, met in Paris. If that Committee had been permitted to function, it would inevitably have said substantially what the Dawes Committee has now said, and its report would at that time have carried with it practical assurance of far greater immediate financial assistance than present conditions permit.

Again in October–November, 1922, when the Reparation Commission and the economic and financial experts were meeting at Berlin, when the mark had reached 8,500 to the dollar, when those experts reported the mark could be stabilized, the second great opportunity was missed. All that was needed even then was agreement as to the appointment of a committee like the Dawes Committee. And on December 29, 1922, sixteen months ago, Secretary Hughes, fully cognizant of what was going on underneath the surface, gave official expression at New Haven to the simple, obvious need.

Looking back at those two opportunities, any one will admit that Germany's power of accomplishment has been greatly weakened in the interval, and that this could have been and was foreseen. There is no doubt that officially, on both these two occasions and later, she urged a solution on the lines now proposed. The point upon which honest people will differ is whether Germany would at either time have genuinely accepted a settlement based on the principles of the Dawes report. The writer has no doubt that she would, on either occasion, but particularly at the end of 1922, and that, owing to intervening events, she would have accepted then in better spirit and her acceptance would have encountered less serious internal political difficulties than now.

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THE MCKENNA COMMITTEE'S REPORT

A word as to the work of the McKenna Committee, to which was intrusted the task of investigating Germany's foreign assets, is not out of place. The report of this Committee, of which Henry M. Robinson of Los Angeles was the American member, is excellent, comparing in tone favorably with the Dawes report. The judgment of this Committee, that Germany's net investments abroad (liquid and non-liquid) amount to between six and seven billion gold marks—to which must be added their estimate of twelve hundred million gold marks of foreign currency circulating within the borders of Germany—is of good omen. These assets will aid the Dawes plan tremendously. They will be effective in connection with both budget balancing and currency stabilization; they will help the proposed international loan; they will help the Allies to realize upon the railway stocks and bonds and the industrial bonds.

The McKenna report is "the most authoritative expression obtainable" of the fact that the amount of Germany's foreign assets has been often grossly over-estimated; and also of the fact that, their flight from Germany being largely due to the financial reign of terror, they will come back to Germany when, and only when, financial confidence is reëstablished. The Austrian experience is a sure guarantee of this, and the Dawes plan now furnishes the necessary conditions.

WHY NOT TAKE THIS ADVICE OURSELVES?

We are justly proud that citizens of the United States have helped so effectively towards the solution of this European problem. We shall be more than disappointed if our European friends fail to take the sound, sensible advice which Messrs. Young and Dawes and their fellow members have given them.

But, are we willing to take this advice ourselves?

The principles of the Dawes report are just as applicable to France and to Belgium as to Germany. Are we of the United States willing to apply them to our claims against France and Belgium?

"And why beholdest thou the mote that is in thy brother's eye, but considerest not the beam that is in thine own eye?"

We not only ought to take the Dawes report as our own guide, but we ought to go much further. The Dawes report is advice to France and Belgium, devastated by the German army, as to

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their claims against Germany for that devastation. It is based on the theory of getting from Germany all that is possible. We boast of our traditional friendship for France, of our sympathy and friendship for Belgium. We fought with them, not against them. Are we to insist on "all that is possible" from them? Is there no distinction, where our pocket-books are concerned, between them and Germany?

THE ATTITUDE OF GERMANY

Germany ought for her own sake, and gladly, to accept the moderate control provisions of the Dawes plan. They are not pleasant, but they are not offensive or unduly onerous. They fall far short of an armed receivership which often has seemed the only alternative.

Germany ought for her own sake, after accepting the plan, to arrange some compact machinery to obviate the necessity for discussion by the Reichstag or committees or cabinets of anything except the most general legislative policies involved in the functioning of the Dawes plan. A German Reparation Dictator would be a good thing, but in any event there ought to be some small Reparation Executive Committee, not dependent on any cabinet or change of ministry. Germany ought to make impossible on her side, whether or not the Allies do anything of the kind, the exasperating discussions, quibbles, changes, uncertainties and delays in programs, protocols, decisions, valuations, deliveries, etc. No possible gain in these processes can counterbalance the harmful effect of the impression they create. They are inexplicable from the other man's point of view and breed suspicion and bad feeling. Speed in decision and administration by one small body in close contact with the Allies would do more to change the attitude of the Allies towards Germany than a billion dollars in cash, and further, would speed up the Allied organization, where difficulties very similar to these hamper efficiency, in spite of the fact that it is far easier to demand than to fulfil.

Germany, again for her own sake, ought voluntarily to pledge herself to abide by the territorial results of the treaty, except as they may in the future be changed by peaceful negotiation with the Allies.

These things are not parts of the Dawes plan and the Dawes plan will work without them. They are parts of the larger point

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of view, that it is up to Germany, purely in her own interest, to make a better impression than she has so far done.

The arbitrage of a war like the World War must mean something final. Defeated, she may stick to her own interpretation of past events; but Germany owes it to herself to understand that she lost not only the war, but good-will, respect and confidence. She is not humiliating herself further by doing the things necessary to regain this good-will, respect and confidence. Performing obligations now reasonably imposed and within her capacity is one way to accept the arbitrage of war and regain her former status. Showing by voluntary pledge her desire for peace by accepting territorial dispositions which do not suit her is another.

The writer knows too well that in speaking of Germany as a unit he cannot take account of the fact that many people in Germany believe all this and would be glad to do it, and that others have no idea of doing it and never will have. But he is impressed with the fact that the Dawes report furnishes to understanding Germans the opportunity to save their country.

OUR OWN ATTITUDE

The Allies have often been at fault. They have not coöperated with reasonable tendencies in Germany or with German Governments, but have blamed all alike indiscriminately, often for the results of the Allies' own mistakes. This is human nature, and time alone can bring so much of correction as human nature permits. But five and one-half years have now elapsed since the fighting ceased, and the Dawes plan gives opportunity for the display of better feeling on both sides.

A more generous disposition on the part of all of us is necessary. The Dawes plan, good as it is, is a stupendous undertaking, involving many and important complications, and sure in the nature of things to result in occasional disappointments and to need minor adjustments. If it were undertaken by the angels in Heaven, it would need divine grace to make all the angels work together for good. Blind partisans and demagogues will continue to insist that all Germans are devils incarnate; they will belittle every effort of reasonable Germans and will magnify the importance of the similar blind partisans and demagogues of Germany. It is for statesmen of the Allies—and Associated Powers—to lead their peoples towards a better realization of the

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Christian spirit,—or of true civilization, if one prefers,—to set the example by their own sympathy and coöperation with Germans of good-will, by helping such Germans to convince their compatriots that good-will really pays. "Noblesse oblige." So does Victory.

Alexander Hamilton "smote the rock of national resources and abundant streams of revenue gushed forth. He touched the dead corpse of Public Credit and it sprung upon its feet." This is almost too "high-falutin" for us moderns, but nevertheless Dawes and his Committee have smitten mightily and well. If Public Credit does not rise again; if the possible revenue does not gush, the fault will not be theirs.

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RACE PROBLEMS IN THE NEW AFRICA

By Sir Harry H. Johnston

AFRICA is a continent 11,263,000 square miles in extent, situated more than any other great stretch of land within favorable latitudes. Yet it has a population estimated at only about 126,500,000. Contrast with these figures the totals for Asia, North America and Europe. Asia, with an area of 16,819,000 square miles, is peopled by some 825,000,000. These, however, occupy only about half the continent; the northern half, largely desert or else still lying within an ice age, has not more than 25,000,000 inhabitants. North America, down to the Panama Canal (about 8,000,000 square miles in area), prior to British, French and Spanish discovery probably contained no more than 10,000,000 people, as against 128,000,000 today. Europe with only 3,791,000 square miles has at the present day a population of approximately 400,000,000.

The peoples of Africa in the far geological past do not seem to have included any half-human form, any midway connecting link between the great apes and the ancestors of Man. Humanity seems to have been evolved in Asia. Yet the anthropoid stem apparently became differentiated from the monkey and baboon stock in the valley of the lower Nile during the Oligocene period. But it was seemingly in India, in the vicinity of the unrisen Himalaya, that the small, primeval anthropoid apes developed larger forms, as well as the smaller specialized gibbons. This bigger type, of which the orang, chimpanzi, and gorilla are living survivors, came into existence somewhere in southwestern Asia. Several of their genera wandered thence into Europe and died out a million years ago; the orang penetrated eastward as far as Borneo; the chimpanzi and and the gorilla passed up the Nile valley into equatorial Africa, whence the chimpanzi penetrated finally into western-most Africa and its mighty forests. There are some slight indications, even, of a very human-like ape[1]—something not far off from the parent type of Man—having wandered far to the east in pre-glacial Northern Asia, and there crossed, like so many other Asiatic mammals, into North America, where it pushed as far eastward as Nebraska. In Asia itself forms midway in development between the ape

[1] *Hesperopithecus*

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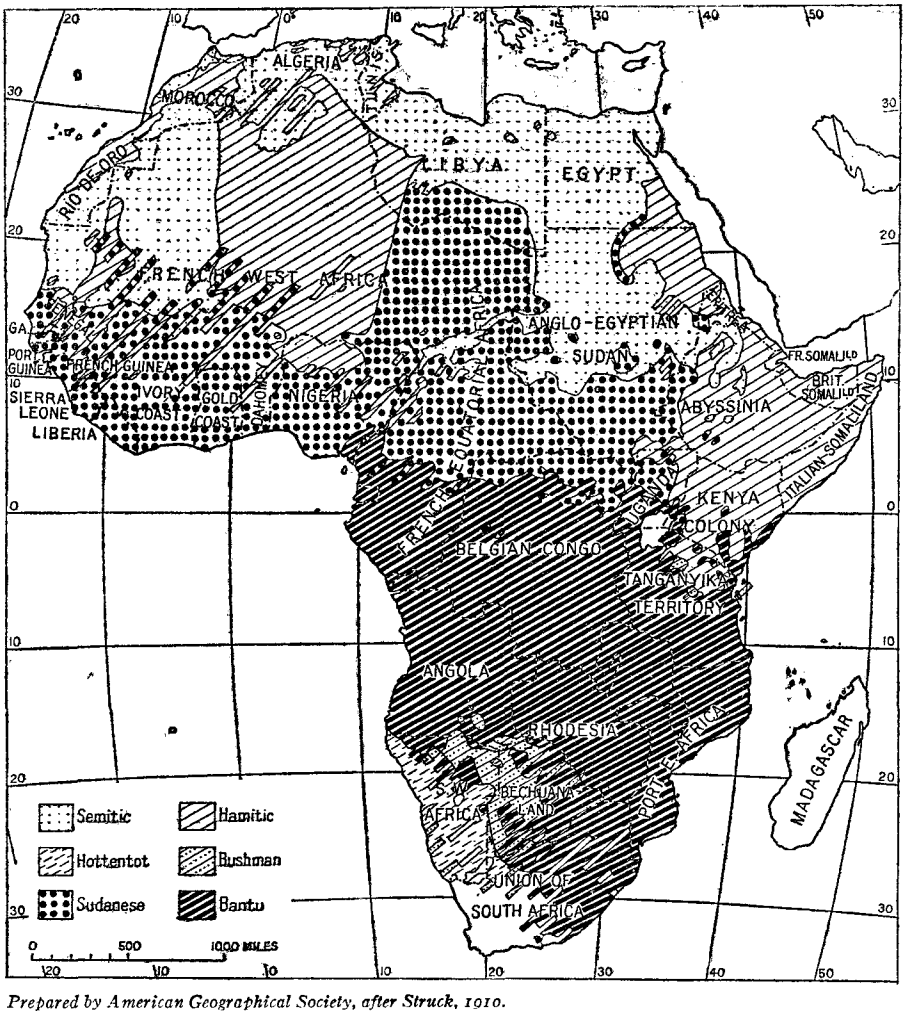
and Man[2] penetrated as far to the southeast as Java; and some creature nearer to the human progenitor[3] passed in the northwest across Europe to southern England (when no English Channel made England an island) and left a precious testimony



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THE PRINCIPAL LANGUAGE FAMILIES OF AFRICA

of its existence in the county of Sussex. But in Mediterranean Europe a form of true humanity came into existence—Neanderthal Man—which is not of our species, yet rather doubtfully is defined as of our genus. The earliest example of Neanderthal Man as yet discovered has been found in the Mauer sands of a

[2] Such as *Pithecanthropus* [3] *Eoanthropus*

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cliff near Heidelberg; another skull of unknown age was discovered in a cave at Gibraltar; other specimens, some of them as recent as the middle Pleistocene, have come from France, Belgium, Jersey, the Rhine Valley, and Austria.

But in this connection one of the most interesting finds was made two years ago in Africa itself, in the central part of Northern Rhodesia, in the Broken Hill mine. Here, at a depth of about sixty feet from the outside level, was discovered the skull of a big man, some six feet in height, with a very gorilla-like face and projecting brows. It is a human type utterly unlike the Negro, offering a good deal of resemblance to the Neanderthal Man of Europe and some approximation to the Australian variant of *Homo sapiens*, the black Australoid. The Broken Hill Man has been named *Homo rhodesiensis*. There are some slight indications that the range of this type may have extended in ancient times as far south as Cape Colony; and there is also the possibility of its range being traced to North Africa, where it may fuse with the southern examples of the Neanderthal species. Its resemblance to the Australoids may simply indicate that the big-browed Man of Central Africa branched off in the Mediterranean basin from a primitive human stock which was near the foundation of the *sapiens* species.

So we see that the earliest type of African with which we have become acquainted was not a Negro of any type, but a being closely related to the brutal-looking Neanderthal species.

The Negro once frequented the shores of the Mediterranean —say, thirty thousand years ago. He has left skulls and limb bones on the Riviera and in Algeria; he was an inhabitant at this period of Italy, Egypt, Syria, and South Persia; and exists to the present day in a modified and slightly altered type in southern India, in the Malay Peninsula, in Sumatra (not in Borneo, curiously enough), in the Philippines, in most of the eastern islands of the Malay Archipelago, in New Guinea and in the western Pacific islands. The westward surge of the first White people from Asia into North Africa (and strongly into Europe) pushed the Negro southwards across the Sahara,—before it had reached its present sterile condition,—and up the Nile valley. From the Niger southwards, all West Africa, the Sudan, the regions of the Bahr-al-ghazal and the Upper Nile, East Africa, the Congo Basin, and the shores of the Great Lakes became a Negro country; and Neanderthal Man—*Homo rho-*

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desiensis—was wiped out by his more intelligent successors. In the forefront of these latter was the Bushman type. From this and that relic of evidence found in French and Spanish caverns, in Italy and in Algeria, we can surmise that something like the Bushman lived many thousands of years ago on the Mediterranean coastlands and in Egypt. He seems to have made his way southwards up the valley of the Nile; and from East Africa (where he has apparently left a few survivors, the Kindiga, speaking "click" languages) he made his way outside the densely forested area of ancient Central Africa, through Moçambique, across the Zambezi into the great open spaces of South Africa. Mingling with the more northern Negro groups, and even, it is surmised, with beetling-browed *Homo rhodesiensis*, he left behind him hybrids known to us as Hottentots and Korannas.

The Bushman and the Hottentot hybrids have certain physical peculiarities and specializations; but they are Negroes. The Negroes of various sub-species in Africa at the present day number some ninety or ninety-one millions. Over ninety millions are of the average Negro type and of fairly tall stature. The remaining Congo Pygmies, inhabiting the forests of the Congo region and the Cameroons, might be guessed as numbering three or four hundred thousand. These Pygmies have no near relationship with the Bushman-Hottentot. They differ chiefly from the average Negro type in being hairy-bodied, short in lower limbs and in stature (well under five feet), with noses excessively flat and broad. In the typical examples the nostrils are almost as much elevated as the bridge and tip of the nose. The Bushman, Hottentots, and Korannas at the present day do not total more than one hundred thousand. Though they possess a few well marked peculiarities, they vary (as do the Hottentots) very much in head aspect. Most of them have little or no prominence of brow; but a few offer such reverse evidence—eyes set under prominent frowning brows—as to suggest that the gorilla-like *Homo rhodesiensis* may have been near enough to the primitive forms of *Homo sapiens* to have occasionally mixed his stock with that of the incoming Bushmen, twenty or thirty thousand years ago, and thus have left traces of his blood.

In the north of Africa, especially in the Mediterranean coast lands, we deal with a very different type,—the White subspecies of *Homo sapiens*. The "whiteness" of complexion, even

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the ruddy, brown, or yellowish head-hair of some examples, seems in a legendary way to be due to admixture since Roman times with incoming North European settlers like the Vandals, northern Italians, and French. It is more correct, possibly, to assume that in the main the peoples of northern and northeastern Africa belong to the Mediterranean, mainly long-headed, division of the White stock, of which the other two groups are the Nordic or blond Europeans and the round-headed Armenian or Alpine. The Mediterranean White race anciently indigenous to North and Northeast Africa has, with the exception of the Mediterranean fringe of North Africa, become a Brown race, brown or yellow in complexion. This darker color may be in part an ancient feature never shaken off, or it may be due in its intenser shades to an old intermixture with the Negro. These brown or olive-skinned people inhabit North Africa and Egypt, much of the Sahara and Libyian deserts, the desert fringe of northern Nigeria, Darfur, the middle Nile valley below the Sobat junction, the highlands of Abyssinia, Somaliland, Eritrea, and Galaland down to the verge of East Africa.

With the exception of two or three million Coptic Egyptians, ten or eleven millions of Abyssinians and Galla, and a few tribes of Nigerian Fula and of the equatorial Ba-hima, all these Brown peoples of northern and northeastern Africa are Mohammedan in religion, the date of their conversion ranging from the close of the seventh century down to the eighteenth. This, with other and more ancient causes, has ranged them racially against the rule and to some extent the influence of the White man coming from across the Mediterranean. This distrust of the European, this desire to repel his interference, began in Roman times before the acute difference arose between Christianity and Islam. It was pre-Islamic in its origin; but the advent of the Islamic Arabs, who so easily won Egypt, North Africa, and the Sahara, made the difference acute. Islam became the religion, almost racially, of the whitey-brown Mediterranean peoples, of the kindred Persians, of the Kurds, and of a proportion of the Armenian stock in Asia Minor. The Mohammedan religion spread over the northern third of Africa and armed the half-white Negroid (*not* Negro) peoples against the more-or-less Christian European; the latter, represented in native estimation three centuries ago chiefly by the fanatically Roman Catholic Spaniard, became an object of hatred to the Mohammedan Arab, Berber, and Egyp-

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tian. The Greeks played a curious part in this struggle. After the Turkish conquest of the Byzantine Empire a number of Greeks became Mohammedan, especially in Crete, and as conversion was the only preliminary required by the Turks in distributing naval or military commands, the Turkish Empire thus obtained the services of very intelligent Europeans in developing their conquests in North Africa. Similarly, Spanish renegades entered the service of Mohammedan Morocco; indeed, the Spanish Mohammedan, known generally by some form of the word "Ruma"—"the Roman"— played a most noteworthy part in the Moorish conquests of Nigeria, and even, in his descendants, passed into the service of the Zanzibar Arabs when they warred with the Portuguese.

The only Christian elements remaining among the Brown inhabitants and conquerors of the northern third of Africa were the Copts of Egypt (never more than two and a half millions in number) and the Abyssinians. The Abyssinians, now nearly twelve million in number, called themselves "Christian," though their fetishistic religion was a parody of the Egyptian Christianity they adopted in their mountains in the fifth century. At the commencement of the sixteenth century they were being very hard pressed by Somali Mohammedans, and but for the alliance with the Portuguese might have been overcome and never more heard of as an independent people. In addition to these non-Mohammedan elements among the Brown peoples of Africa are the two or three hundred thousand pagan Fula in Nigeria, and nearly a million Galla of indefinite beliefs in the inner and northern parts of East Africa.

Some thirty millions of pure Negroes are also Mohammedans, principally in West and West Central Africa, in Darfur, Wadai, the Nile Valley, East, and Southeast Africa. But herein is a point of noteworthy difference between the Negro and the Negroid or whitey-brown man of Mediterranean type: whereas the Negro can be a Mohammedan in a good-natured, easy-going fashion, the Negroid or the Mediterranean Arabized type is almost always a fanatical follower of this Ishmaelite younger brother of the Jew and the Christian. The highest, whitest type of European or North American invading Africa nearly always gets on well with the Mohammedan Negro, respects him and likes him; but he finds it difficult, on the other hand, to work with the Mohammedan Libyan, Arab, or Hamite.

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In estimating the potentialities of the population of Africa we must not leave out of account the races of recent European origin. Including the French of Morocco, Algeria, Tunis, Egypt and West Africa, the Spanish of the Canary Islands, Morocco and Algeria, the Italians of Tunis, Tripoli and Eritrea, the Portuguese of West, West-central and Southeast Africa, the Belgians of the Congo, and the British, Germans, and Dutch of South Africa, the British of West Africa and Nigeria, the Sudan, East Africa, Rhodesia, and Nyasaland, these far-flung, modern European colonies and settlements may not number in counted individuals more than three millions, but they constitute at the present day the life-blood, the moving, creative force of Africa. They are directing—in most cases, plainly and openly, in a few instances, such as in Egypt, Abyssinia, and Liberia, more disguisedly—the progress, education, social life, sanitary measures, diet, clothing, and morals of the indigenous Brown peoples or of the Negroes and Negroids.

There is or there has been in the past much selfishness in the northern White man's motives in opening up Africa, and in his interference in the disorders of the Black man or the Brown.

The early Portuguese navigators, explorers, soldiers (intrinsically of northern origin in those days: descendants of Celtic, Latin, Gothic, Frankish stock) did not discover the African coasts and rivers out of pure love for knowledge and a desire to help the Negro recover his wide divergence from the White man. They came to Africa with a thirst for knowledge, but with such a desire for gain as made them for four centuries endeavor strenuously to conceal their discoveries from other white nations.

The Dutch, when they settled in South Africa between 1652 and 1795, did so with no sentimental interest in the Negro tribes. Except that they found them useful—essential, even, as the crude labor force in South Africa—they were perfectly cold, pitiless slave masters. A large proportion of these South African "Dutch" were really French Huguenot refugees from France in the eighteenth century. It is curious that whereas other Huguenot refugees in North America developed into some of the noblest anti-slavery champions, those that had thrown in their lot with the Boers in South Africa were as pitiless toward their slaves as their Dutch friends and fellow colonists.

The British arriving in South Africa at the close of the eight-

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eenth century really came there to prevent the French from seizing the Cape of Good Hope from the Dutch East India Company. This territory at the extremity of the continent was not in those days politically Dutch; it belonged to a Dutch Chartered Company, and had been colonized by Dutchmen, Flemings, French Huguenots, and a few Scotchmen in the service of the Chartered Company of the Dutch East Indies. At the Peace of Amiens in 1802 Great Britain surrendered the Cape of Good Hope to the Dutch Government, which forthwith annexed this little patch of Cape Colony to Holland. Three years afterwards—Holland having become part of the French Empire—Great Britain reoccupied the Cape, and a few years later definitely assumed possession of Cape Colony. In the peace negotiations after Waterloo, Great Britain valued Cape Colony at £6,000,000, and took this sum into account in assessing what Holland had to pay her in the general financial settlement, which brought about the return to the Netherlands of the Dutch East Indies. After 1815 the colonization of South Africa by British subjects proceeded at a great rate. Natal was soon occupied and annexed, and the British-descended colonists soon equalled the Dutch-speaking Boers in number and exceeded them in wealth and in a far-reaching genius for discovery. Missionaries arrived—Presbyterian, Congregationalist, Wesleyan, and eventually Anglican. The missionary movement led to the explorations of Moffat and Livingstone; and the genius of Livingstone permeated the southern third of Africa, leading to the discovery of the Zambezi, of the Lakes, large and small, and of the Congo Basin, the Cameroons, and East Africa. Livingstone's work led to the explorations of Burton and Speke, to the bringing of Sir John Kirk into East African affairs, the amazing journeys of Stanley and Joseph Thomson, the defeat of the slave-trading Arabs, and the creation of Rhodesia, British Central Africa and British East Africa. Britain in the early part of the nineteenth century abolished slavery throughout the British Empire, and devoted her energies to extirpating the slave-trade which was bringing much of Negro Africa to ruin and depopulation.

France had interested herself in the West African trade in slaves, gold dust and ivory as early as the fifteenth century, or even earlier, according to Norman traditions. In the seventeenth century she began to found stations in Senegambia and

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in the eighteenth toyed with the Christianizing and exploration of the Congo coast, with Madagascar, Egypt, and Abyssinia. In 1830, recovering from the exhaustion of Napoleonic times, she descended resolutely on Algeria and made this exasperating haunt of Turkish pirates a French possession. By 1870 her rule had extended from the frontiers of Morocco to those of Tunis. After her recovery from the German defeat in 1871, she turned all her expansive energies on African and Asiatic conquest and colonization. By the close of the nineteenth century and in the first four years of the twentieth she had built up an enormous "empire" in Africa, stretching from Algeria and Tunis over the Sahara desert to West Africa, Central Africa, and northern Congoland. Madagascar had become an exclusively French possession. What had been a vague fort or two, at the close of the second Napoleonic empire, became enlarged into French Somaliland, abutting on the revived Empire of Abyssinia.

Portugal, thanks mainly to the support and sympathy of Great Britain—deny it who may—had at the close of the nineteenth century recovered vigor and ambition, and reasserted herself as an African power. Livingstone and other British missionaries or travelers from South Africa, or British enterprise in Sierra Leone, forced her to reassert herself as ruler in Portuguese Guinea, in Angola, on the western Congo, in Moçambique and Zambezia, and at Delagoa Bay.

The Belgians, stimulated by the purse of King Leopold II and his projects in Central Africa after Stanley's discovery of the Congo course, gradually envisaged the idea of implanting Belgian rule in the Congo basin. In forty-three years, between 1879 and 1922, they had overrun and occupied nearly the whole of the Congo basin, covering a million square miles, only excepting such portions as were claimed by France to the north and northwest and Portugal on the southwest.

The Germans awoke to the idea of colonizing and absorbing some portion of Africa soon after the Franco-German War in 1871. Or it may be said they had done so earlier, towards the end of the sixties, when Prussia under Bismarck had become the mistress of Hanover and North Germany. A mission under Nachtigal was sent across the Sahara to Bornu, with presents from the King of Prussia; and Baron von der Decken a year or two previously went out to explore Kilimanjaro, which had been discovered in 1854 by a German missionary, Rebmann. Von der

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Decken cast hungry eyes on Zanzibar, already being Anglicized by Sir John Kirk. In 1884 united Germany made her pounce: on the Cameroons and Southwest Africa, and on the Zanzibar hinterland.

Spain made her views known soon after the opening of the twentieth century and had her desire gratified by the recognition through France, Germany and Britain of her claim to bring under her flag a large strip of the western Sahara and a small patch at Ifni in southern Morocco. A little later the same three powers recognized her claims to take under her administration the Rif country of northern Morocco, immediately opposite Spanish shores. Earlier still, in the nineteenth century, Great Britain had admitted Spain's claims—acquired from Portugal in the eighteenth century—to rule the island of Fernando Pó off western equatorial Africa; and dependent on this was the small area of the Muni River basin on the coast below the Cameroons, and the little island of Anno Bom.

Italy, disappointed of Tunis in 1881, had made up her mind thereafter to pounce on Tripoli and Cyrenaica, and had secured the acquiescence of France and Britain in this ambition. She allowed it to lie unfulfilled until 1911, when European Turkey was seen to be breaking up under Greek and Slav attacks. Over and above all these ambitions stood in the background Germany and Austria. Germany, yielding to France in Morocco, toyed with the idea (in the guise of an Austro-Hungarian Chartered Company) of engaging her energies in Tripoli. Italy, learning this, promptly went to war with Turkey on another pretext fatuously offered by the purblind Turk, and annexed the Turkish North African dominions between the borders of Tunis and Egypt.

The victory of the Allies in the Great War led to the expulsion of Germany from Africa, as a ruling power. But in South Africa some twenty thousand German colonists remain, under the British flag. Germany will probably never again rule on the African continent; but just as there are in the United States two or three millions of American citizens descended from German colonists, there will be a potent German element in the European descended population of South Africa. German names are imperishably connected with the sciences of Africa, with discoveries in its geography, zoölogy, and botany, with the development of its philology, with its mineralogy and with its commerce.

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In the fifties and sixties Germans of Württemberg like Krapf, Rebmann, and Mauch (the discoverer of Zimbabwe) were the first revealers of Africa's highest mountains—Kilimanjaro and Kenya—and of the mysterious stone buildings about the gold mines of Southeast Africa. Hermann von Wissmann was one of the greatest tracers of mighty rivers in the then unknown inner basin of the Congo. In later times, just before the Great War, other Germans made astounding discoveries in the fossil Tertiary forms of the Nile Valley, and the gigantic saurians of East Africa during the Cretaceous epoch. Probably in the near future their efforts will be renewed, but in community with the British, just as in North America the German settlers have thrown in their lot with men of English speech.

This, therefore, is the situation in the New Africa at the present day. In the extreme north, in the country of the Moors, which juts forward northwards into the Mediterranean between Tunis and Morocco, you have a land with a climate much like that of southern Europe, with a European vegetation and a fauna that is nowadays of European affinities. It is inhabited mainly by an Arab-Berber people, only a little darker in complexion than the people of southern Italy or southern Spain. But though they are at present strongly marked off from us by religious differences, being Mohammedans whereas we are more or less Christians, racial affinities and geographical proximity will tend to weaken their attachment to an Arabian religion.

And there are also in North Africa other agencies tending towards a stronger and stronger attachment to Europe. For one thing, the large Jewish population (perhaps two millions in number) tends more and more to side with the Christian rulers of these countries who have brought them enfranchisement, security and a great future in Mediterranean politics. Moreover, there are in Morocco about thirty thousand French settlers and some fifty thousand Spaniards. In Tunis there are said to be seventy thousand Italians, thirty thousand French, and about forty thousand Maltese. In the eastern half of Algeria there are perhaps another twenty thousand citizens of Maltese origin. Between Morocco and the frontiers of Tripoli there are perhaps three thousand English people—missionaries, merchants, men and women seeking a warm or mild climate, retired military or naval officers—few in numbers compared to the

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Latin-Europeans, but potent in many ways. Thus, all counted, there must be now—or there will be soon—a full million inhabitants and settlers of European origin in North Africa, between the Mediterranean and the Sahara, between Tripoli and the Atlantic coast of Morocco, and, in the same stretch of territory, fully two million Jews,—three millions, in all, of non-Mohammedans. The indigenous population of European-like Berbers, of Arabs, of descendants of Greeks and Romans (who have forgotten that their forefathers, many centuries ago, *were* Christian Greeks and Romans), of former Negro soldiers and slaves, Turks, and heterogeneous hybrids between all these stocks, may number at the present day some fourteen millions. Its increase under French rule or direction has nearly doubled in less than a hundred years. Morocco and Tunis have a considerable amount of "home-rule"; Algeria is governed very much like part of France; but, altogether, North Africa within the limits I have indicated is not likely to lapse into African independence. It will gradually be won back to the Europe with which in earlier times (perhaps not more than thirty thousand years ago) it was connected by two isthmuses, one across the Straits of Gibraltar, the other broader, more important, between Tunis, Malta, Sicily, and Italy.

The Italians will probably conserve a narrow coastal strip of Tripoli and a broader part of Cyrenaica which will provide homes for several thousand Italian immigrants; but I doubt their being able to detach the inner desert solitudes and scattered oases from an African connection and a future more concerned with the lot of the independent Brown peoples of Egypt, Abyssinia, the Sudan, and Mauretania. Eventual independence, preceded by self-government, will, I think, be the lot of the Anglo-Egyptian Sudan, Somaliland, Uganda, Nigeria, and all West Africa, as also, later still, of the Congo Basin and Cameroons, of much of East Africa, Angola, Northern Moçambique, and of what I used to call "British Central Africa." But the eventuality will depend much on the growth of education and good sense among the Negroid and Negro peoples. Premature revolts among the native races against European teaching will postpone the granting of self-government. The growth of Mohammedanism among these populations will rather tend towards the maintenance of European control than hasten its departure.

South of the Zambezi and Kunene rivers a different state of

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things will certainly come about, fifty years, a hundred years from now. Here we shall see four great states grow up into a Union of South Africa larger than what subsists at the present day, a state in close confederation with the rest of the British Empire, but enjoying the same degree of independence as its component parts do today. The union of the four (the existing "Union" of South Africa, the former German territory of Southwest Africa, the Negro state of Bechuanaland, and Rhodesia) will be—will have to be—further strengthened by the taking over of the territory under the Portuguese flag *south* of the Lower Zambezi. Portugal never really made "Portuguese" (as she has done with Angola and Brazil) the coast lands of Southeast Africa, those that lie to the south of the Zambezi delta. She may be able to conserve the government and development of her large territory of the Moçambique coast, between Lake Nyasa and the Indian Ocean as far south as the Zambezi delta, but she will be wise if she realizes the inevitable trend of affairs and sells Southeast Africa to Rhodesia and the South African Union. She will still remain with over 200,000 square miles north of the Zambezi, in East Africa.

Trans-Zambezian Africa, thenceforth under a conjoint people of British-Boer-German origin, will grow into almost a parallel of the United States, with a large civilized and educated black population, but predominantly white in its government, education, wealth, ideals, and mastery over natural difficulties,—difficulties turned by persevering study and effort into foundation stones of success. There will have to be some readjustment of territories, against money compensation. The White nucleus of Trans-Zambezian Africa will have to be in the marvellous mountain country of Basutoland. This South African Switzerland is a territory of only some twelve thousand square miles. Its average altitude is about 6,000 feet above sea level, and its highest peaks, from which snow is rarely absent, are over 11,000 feet above sea level. Its peopling by the Basuto took place less than a hundred years ago. They were composed mainly of a Bechuana tribe of the southwest Transvaal stampeded by the immigration of Umsilikazi and his Amandebele Zulus (who afterwards settled in Matebele Land). The Basuto after they had settled down in the altitudes of Basutoland were attacked by British forces, but they managed to inflict several defeats on the British governor of Cape Colony and were eventually allowed

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to settle down. They now number half a million, but are growing restless in their mountain country. By degrees they may be paid to emigrate to open lands elsewhere in South Africa, leaving their country to become that for which it has always seemed destined, the Empire State of South Africa.

Essentially Negro Africa will then consist of the hot lands between the Zambezi on the south and the northern Sahara on the north. Exceptional stretches of high altitudes in Nyasaland, South Angola, Kikuyu, the Nandi country, the north of Tanganyika, the southern limits of the Congo basin, the mountains of the northwest Cameroons, the Bauchi plateau in Nigeria, a patch or two in the Tibesti mountains or in Darfur, may remain or may become a White man's land, inhabited chiefly by people of European descent engaged in special cultures of important value or skilled in mining or local manufactures; but in the main tropical Africa will be a land for the Negro, who has been accustoming himself for two or three hundred thousand years or more to bear its heat.

Even in South Africa—as in southeastern United States, the West Indies, and South America down to Brazil—the White man cannot exist without calling in the Negro to help him. He does not seem able, as in two-thirds of Australia, to do the rough field work, the digging in mines, the road-making, the hauling of stones and timber, the distribution of irrigation water. He could perhaps steel himself to face this labor, but as long as there is the Negro to be called in he prefers to employ him. Yet he is as touchy—the average "Afrikander"—about extending to the Bantu-speaking Negro (the pure-bred Hottentot and Bushmen are so diminishing in numbers and rising in museum interest as to be of little account as a social factor) the full recognition of citizenship, as ever were the "Southern" whites regarding the freed slaves after the Civil War. His great reluctance is understandable when you are out in South Africa, living as the White man lives there. Yet from what I have seen of Negro life in the southern United States, I think the Afrikander misapprehensions exaggerated, and conceive of a vast South Africa up to the Zambezi tenanted mainly by black and brown men in the lowlands and a white race on the highlands, all getting on together as well as they do in the United States, in the British West Indies, in Brazil, or in Ceylon.

Then comes the crucial question: "So you approve of mis-

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cegenation, of the production of mulatto peoples, mixed races between the Black and the White?" Well—no. I cannot say I *approve* of our losing our pink and white complexions and our position as highest race. I do not welcome the idea of the extreme types mingling and producing a hybrid, with the intelligence of the white man but (usually) without the physical fitness, the almost animal good looks of the Negro. Yet when the Negro mixes with the Hamite (Somali, Galla, Hima), the Arab or the Fula, the result is nearly always better than the pure-bred Negro. This is so apparent to the European—though he may not be able to give his reasons—that these Negroid hybrids almost invariably receive more considerate treatment at his hands. They are "Orientalized"; and very often it may be the Oriental costume they assume which in most cases incites the kindliness and respect on the White man's part. Again, the physique of such hybrids as those of the Negro with the Brown peoples is usually much better than that of the cross between a Black human being and a pure White of Nordic stock. I cannot help thinking that one solution, among others, for the eventual rectification of the Negro problem will be the unchecked miscegenation between the Black and the Brown, between the Negro peoples and the Brown Arabs, Egyptians, Hamites, Fula, and Hindus of North Africa and Southwest Asia.

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THE CRUDE RUBBER SUPPLY: AN INTERNATIONAL PROBLEM

By Harry N. Whitford

UNTIL a comparatively short time ago the United States was dependent for its crude rubber supplies on wild sources, located mainly in South and Central America and in Africa. For a number of years the annual production of wild rubber ranged around 60,000 tons. Then about the year 1870 certain far-sighted Englishmen began to see the possibilities of producing Brazilian rubber in their Eastern colonies; and in 1876 young trees, propagated in Kew Gardens, London, from seeds collected in Brazil by Sir Henry Wickham, were sent to Ceylon, India and Malaya. It was some years, however, before planters took any interest in this cultivation and it was not until 1907 that exports of plantation rubber reached 1,000 tons annually.

These exports gradually increased, as the result of planting which had taken place some years before when planters began to seek crops to replace coffee, sugar, and other products which had had disappointing results. By 1910 7,000 tons were exported; in 1911, 14,000 tons; in 1912, 30,000 tons; and in 1913, over 50,000 tons. From this date forward the predominant position of plantation rubber was assured; and supplies of wild rubber showed a gradual decline in the face of Eastern competition.

Thus in the course of a few years America's dependence on rubber shifted from the American continent to Asia.

SOME STATISTICS REGARDING THE INDUSTRY

The world's export of rubber in the year 1923 was valued at $240,000,000, of which the United States imported $185,000,000 worth, or 77 percent of the total.

Ninety-five percent of the rubber used today comes from plantations located in one geographical region—southeastern Asia and the neighboring islands—and in districts under the control of Great Britain, Holland and France. In all, some 4,200,000 acres are planted with Para rubber. Of these 69 percent are located in the British possessions, 53 percent being in British Malaya, 10½ percent in Ceylon, and the remainder in southern India, Burma, British North Borneo and Sarawak. The Dutch

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East Indies contain 29 percent of the total acreage, of which the island of Sumatra has 17 percent and Java 9½ percent; the remainder lies in Dutch Borneo. The French possession of Indo-China has a planted area equal to 2 percent of the total.

Turning to a consideration of the method of control, we find that there are two main classes of plantations, viz., European and Asiatic. The so-called European plantations constitute 2,800,000 acres. This is two-thirds of the whole and represents a total capital investment of $750,000,000, divided as follows among the different nationals interested:

	Capital Invested
Great Britain	$489,000,000
Netherlands	130,000,000
Japan	40,000,000
United States	32,000,000
France and Belgium	27,000,000
Other European	47,000,000

The estates represented by this large investment are as a rule highly organized; in general they practice intensive methods of cultivation, are well equipped with factories, buildings for the European and native staff, hospitals and roads, and have the direct or indirect assistance of scientific experts to look after the welfare of the planted stock and to improve this stock so as to get greater yields per acre.

The Asiatic or native plantations cover some 1,400,000 acres, the largest areas being found in British Malaya and Sumatra. In British Malaya they are controlled by the indigenous native population and immigrant Chinese; in the Dutch East Indies by Javanese and a few Chinese. The individual units in these plantations vary in size from a garden plot of a few trees to an area of something under 25 acres (in a majority of cases), though some few contain 100 acres or more. These small plantings are as a rule strictly family affairs, with no capital invested other than the labor of the owner and his family and perhaps of a few retainers who might be under his control. Generally speaking, primitive methods are used in caring for these plantations; the rubber that reaches the local primary markets from them is poorly prepared, containing a large percentage of moisture, and is washed and dried before being shipped to the consuming markets of the world.

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These are the main facts which must form a background for any discussion of the international problems that have arisen in recent years, mainly out of the attempt the British have made to raise the price of rubber by restricting exports from the territories under their control.

PROJECTS FOR ARTIFICIAL CONTROL OF OUTPUT

Until the year 1920 the price of rubber was sufficiently high —despite the gradual decline from the level of 1910—to yield profits handsome enough to stimulate capital to invest in new plantations. From 1906 to 1920, on the average 250,000 acres were planted each year. During this time there was no year in which the acreage planted fell below 100,000 and even in 1921 more than this amount was set out. Since it takes from four to six years for a rubber plantation to become tappable, the industry as a whole did not realize that the plantation area was becoming so large that the production would exceed the demand.

For ten years previous to the war the average London yearly price of rubber was 5 s. 6 d. At no time did it fall below 3 s. and one year it registered as high as 12 s. 9 d. During the war it averaged 2 s. 6 d., and never dropped much below 2 s. For the five years since the war, the average price has been about 1 s. 4 d. For the years 1919-20 it was 2 s. and in the latter year registered as low as 10 d. This price, the lowest to date, so alarmed the plantation owners that the Council of the Rubber Growers' Association, in London, met to consider possible remedies for the situation. Production of crude rubber was continuing to increase and the 1920 crop was exceeding that of 1919 in spite of the prevailing adverse conditions in the consuming markets and in spite of the declining output of wild rubber, especially from areas outside of Brazil.

The result of the deliberations of the Council of the Association was a plan calling for the voluntary restriction of output. This plan stipulated a reduction of output by twenty-five percent for a period of one year, beginning November 1, 1920. The Association also invited non-member planters to adopt the same restriction plan. About ninety percent of the members agreed to the proposal, but amongst the non-member growers the policy was not welcomed. This was particularly true of the Chinese and other native plantation owners who had a very low cost of production. Since the Association controlled only one-third of

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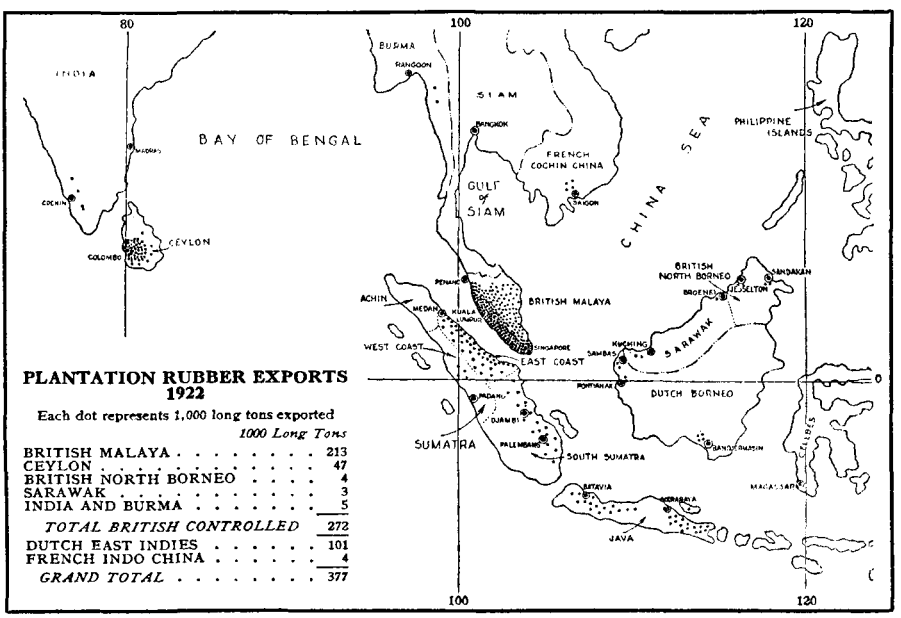
the total British-owned plantation area it was evident that a policy of non-coöperation on the part of non-members would destroy any restrictive plan; and although an effort was made to continue the operation of the plan, the idea in general soon proved a failure.

The discouraging situation of the industry continued, however, and became even more critical in 1921. While prices continued to decline, reaching a new low level of 8 d., the London stocks of rubber increased to over 70,000 tons. It was proposed that a controlling company, to be known as the Rubber Producers' Corporation, be organized for the purpose of exerting effective



Prepared by the Department of Commerce, Washington

control over output. As this plan lacked the necessary support the British Colonial Office, which had so far maintained a policy of "hands off," became interested in October, 1921, to the extent of appointing a committee to study the question and suggest necessary remedies.

In the meantime, due to the material increase in industrial activity and the general confidence in an eventual satisfactory outcome of the raw rubber situation, the market began to respond favorably; more takings were in evidence and were reflected in slight price increases. At the end of December, 1921, rubber closed at 10¾ d. per pound as contrasted with the low

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level of 8 d. in June. The committee appointed by the British Government was now ready to make its report; and while duly impressed with the gravity of the situation, it firmly refused to favor the adoption by the Government of any restriction plan unless it was with the support and coöperation of the Dutch Government. The report was issued early in 1922. Coupled as it was with the knowledge of the failure of the voluntary restrictive plan of the Growers' Association, it let the bottom out of the rubber market again, with the result that a new decline started; and in August, when the Dutch Government officially stated its unfavorable attitude to a restriction plan, the price of rubber reached its lowest figure—6¾ d.

But by now the worst of the crisis was over. Activity in the American automobile and tire industries was increasing. Business was becoming normal. In fact, with the increased development of manufacturing industries the consumption requirements under full working conditions indicated that the natural law of supply and demand would, within a reasonable time, raise the price to such a level that any artificial methods to stimulate the market would not be necessary. The large surplus stocks, it should be noted, had been gradually decreasing during 1922.

In the face of these encouraging signs the special rubber committee of the British Colonial Office nevertheless presented a supplementary report on October 2, 1922, in which they reversed their previous judgment and strongly urged an immediate scheme of government intervention and control to be put into effect in Ceylon and British Malaya.

BRITISH GOVERNMENT CONTROL AND ITS RESULTS

The Act resulting from these findings, known as the Stevenson Restriction Act, provided for a "standard production" for each rubber estate based on the actual output of that estate for the year ending October 31, 1920, plus an allowance for production from new areas. A certain percentage of the total standard production was allocated for exportation in each quarter, depending on the average price of rubber during the preceding quarter. For the first quarter period of the operation exportation was set at 60 percent of the total standard production. An average price of from 1 s. 3 d. to 1 s. 6 d. during a stated quarter would bring about an additional release of 5 percent, or 65 percent of the standard production; an average price of 1s. 6d. to 1 s. 9 d.

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would result in a 10 percent release. Inversely, if the price should average less than 1 s. per pound during a three months' period, a reduction of the percentage of release by 5 percent was provided for the following quarter.

It was the Stevenson Restriction Act that forcibly brought to the attention of the American public our dependence on foreign sources for our supplies of so important a commodity as crude rubber. To be sure, manufacturing concerns in the United States using the product had been long aware of this; but it took a regulation of a foreign power that interfered with the law of supply and demand to awaken general interest in the matter. As a result Congress was induced to appropriate funds to investigate the crude rubber situation and the situation of other commodities under foreign control.

Restriction has now been in force eighteen months. Before the Stevenson Act went into effect the price of rubber was on the up grade, due to increased demand in the United States, and it is believed by many that a level of at least 1 s. (the present price) would have been maintained had restrictive measures not been applied, though advocates of the measure will not admit this. The psychological effect of the measure was to force the price up to as high as 1 s. 6 d., and for 1923 an average level of a little below 1 s. 3 d. was maintained, which met the expectations of the moderate advocates of the measures.

There have been two unforeseen happenings, however, which have lessened the effects of restriction. For one thing, the adoption of restrictive measures advertised to the world that there is at present a potential over-supply of rubber. Consequently users of the product do not fear a shortage, with the result that they do not feel the necessity of carrying such large stocks as formerly.

The higher prices, moreover, stimulated the production of rubber in the Dutch East Indies. Especially was this true of the holdings of the native planters. In fact, the increased supply of rubber coming from these holdings during the year 1923 just about offset the reduction in the British colonies due to restriction. This has precipitated another international controversy—this time between the Dutch and the British. The British planters claim that the Dutch are reaping the full benefits of their restriction measures without carrying any of the burdens. The Dutch reply that the holdings of the British and

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Dutch in Sumatra and Java have adopted more conservative methods, and that the slight increase of rubber that has come from the districts where these holdings are located can be accounted for by new areas coming into bearing. They state that the problem of controlling the output of the native holdings is too great for them to undertake, and that they believe in any case that the problem should be met by economic and not legislative measures. Up to the time of writing, the Colonial Office in Holland has resisted firmly all efforts of the British to induce the adoption of restrictive measures in the Dutch East Indies.

THE DANGERS OF CONTROL

It cannot be said that a London price of 1 s. 3 d., which the moderate advocates of restriction hoped to maintain, is an unfair one. Neither can it be stated that there is a disposition on the part of the present British leaders of the rubber plantation industry to abuse their power of control at the expense of American consumers. The potential output now exceeds the demand.

But the demand is expected to increase rapidly during the next few years, and the power represented by centralized control over a large part of the planted area is a factor which American industry cannot afford to neglect. We have no certainty that the American consumer will be treated with the same degree of consideration when the market is moving against him as is shown him when it is moving against the producers. It was such a danger (in so far as crude rubber is concerned) that the Secretary of Commerce foresaw when he advocated an amendment to the Webb-Pomerene Act to grant legislative sanction to a combination of buyers of foreign-controlled commodities. Such a combination—used only in case of necessity—might be expected to offset, to a degree at least, conditions arising through any abuse of the power to restrict the output of rubber. The international results of the announcement of this move are seen in efforts of the British rubber growers to bring about a sellers' organization better to control the price of rubber. Incidentally, it may be stated that there is no legislative act in Great Britain against the organization of a selling combination.

STEPS TO MEET POSSIBLE DANGERS

It is less the present supply of crude rubber than the future supply that should concern consumers in America.

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A crude rubber survey of the region where 95 percent of the crude rubber we consume is produced shows that by 1930 the planted area will have a capacity to contribute about 600,000 tons annually. The world consumed 430,000 tons of rubber in 1923. An investigation into the future world demand for rubber, undertaken by the Rubber Association of America, indicates that by 1930 consumption will exceed production. That a shortage of crude rubber is likely to be felt by 1928 is indicated by a comparison of the prospective production and consumption for the next few years. It is a picture which cannot be looked upon with complacency.

It will be clear from the foregoing that there are two distinct problems involved: (1) monopoly control of a basic raw material, and (2) a shortage in that raw material developing within a few years. To meet these problems there are two courses open: (1) new planting, and (2) an extension of America's present holdings in the East.

Nothing in the way of new planting now will have any effect upon the situation during the next seven or eight years, for it takes from four to six years to bring rubber into bearing, and it is ten years or more before the tree approximates its full yield. New planting, therefore, is to be considered rather as a means of protecting our supplies in the more distant future.

A survey of the Philippines and of Latin American countries shows that there are large areas in these regions where the physical conditions, such as soil, climate, etc., are as good as those in that part of the East where the plantation industry is now centered. But unfortunately an important adverse factor to consider is labor. With methods of planting as they are, wages alone amount to 40 percent of the cost of bringing an acre of rubber into bearing, and 40 percent of the cost incurred on a plantation in harvesting the crop. The British, French and Dutch possessions in the East have not only a large labor force to draw upon but the great additional advantage of low wages. Labor in these countries cost; about one-half of what it does in the Philippines, and from one-fourth to one-third of what it does in Central and South Americas and if large scale operations were undertaken this differential might be still more marked.

The findings of a recent field party sent out by the Department of Commerce show that in the Philippines sufficient labor exists outside the region where the climate is favorable to rubber pro-

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duction, and that there are no insurmountable difficulties in the way of mobilizing and transferring this labor. But existing laws and the present political situation are not favorable to large-scale production. In the Latin American republics investigated there is a shortage of labor. No production of rubber on a large scale is possible in them without resorting to imported labor, which can be obtained cheaply only in China. While the difficulties of obtaining this class of labor are probably not insurmountable, the proceeding would involve, first, negotiations on the part of the Latin American governments with the country from which the labor was to be obtained, and, second, the possible attitude that the United States might take toward such an immigration into Latin America.

Other questions involving more general policies also arise. We have to consider, for example, our national defense, especially as concerns the protection of our lines of transport in the remote contingency of war; again, we must consider the trend of social and political conditions in the East; thirdly, there is the question of the desirability of having our risks more widely scattered and of not being dependent upon one geographical region.

The survey referred to shows nothing at present that justifies us in taking an alarming view concerning these factors, but it is felt that they present sufficient justification for seriously considering experimental work in new districts, and perhaps along rather different lines than those in vogue in the East.

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SOUTH AFRICA BEFORE THE ELECTIONS

By Cyril Campbell

LIKE other countries, the Union of South Africa has suffered from the universal trade depression. Dependent during many years on Great Britain for some of the commonest necessities of life, she during the war was forced by the German submarine campaign's menace to sea communications to rely on her own resources. Consequently many new industries were opened up. South African products, such as wool, were sold at unheard of prices; indeed, to put the matter plainly, the close of the war saw the Union more prosperous than at the beginning. But now she is feeling the pinch. The prices of her usual pre-war exports have dropped practically to normal, while her new manufactures are not yet of sufficiently good quality to compete in the open markets of the world; the banks, which were inclined to be over-liberal at one time, have been obliged, owing to certain disastrous speculations, to curtail their credit and call in bills; and altogether it may be said that there is less loose cash circulating in the Union today than in 1917. Every month business leaders remark that the worst is over and predict that an improvement will soon be apparent. But it seems we have not yet reached zero, nor is the reason hard to seek. As long as Europe is in its present unsettled state, so long will there be financial instability in South Africa.

This, however, is not a reasoning that appeals to the general public. They blame the government. And it is from this and no other cause that South Africa is facing a political crisis regarding which much misinformation is being sent broadcast either by interested parties or by those ignorant of the real state of affairs.

The splendid self-immolation of the Unionist Party[1] some two years ago, when it allowed itself to be absorbed in the South African Party in order to make the secession question a clear issue at the polls, enabled Smuts to gain a clear majority of 22 over the two remaining parties, and it seemed then as if his government was assured of its normal four-year term of office with full opportunity to introduce much-needed social legislation.

Of the Prime Minister himself there is little need to speak. His features and his work are familiar to the world; but in no

[1]Representing the ultra-British element and the big financial interests on the Rand.

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spirit of carping criticism it must be admitted that he attains far greater heights in world councils than he does in the South African House of Assembly. Possessed of every attribute as a speaker which would place him among the front rank of parliamentarians in St. Stephen's,—for he is ready, perspicuous and inexorably logical,—his great gifts are only too often wasted at Cape Town. The late General Botha and he made an irresistible combination; the one kindly, greatly understanding, the most human of men, able by the sheer magic of his personality to convert foe to friend in a few minutes; the latter incisive, autocratic, with a razor-edge brain. But just as Lee lost his right hand in the death of Stonewall Jackson, so Smuts has been crippled by the untimely decease of his great collaborator. He lacks the simple sympathy that made Botha so welcome a figure among the "backvelders," and in the House he is only too prone to forget the Pauline injunction anent "suffering fools gladly."

Nor has Smuts been too well served by his ministers. With the exception of Colonel Mentz (Defense), on whom something of the mantle of Botha has descended, there is no one who can be described as "pulling his weight in the boat." Mr. Malan (Mines) has naturally to bear the odium of a suspected collusion with the Rand magnates; Mr. Jagger (Railways), an exceptionally able business man, is cordially detested by every employee on the railways; Mr. Patrick Duncan (Interior), although brainy enough as befits one of the Oxford "kindergarten" brought out by Lord Milner, is too superior ever to have any following in a distinctly democratic country such as South Africa. And so with the others. On the Premier's shoulders falls the whole burden and heat of the day.

Unluckily, the security promised by the ample majority seemed to atrophy the energy of the government. The expected legislation on social problems was slow in being introduced; the continuation of the high cost of living made the nation discontented and irritable; and unemployment, despite the sincere efforts of General Smuts to establish white labor camps and forestry settlements, was widespread. The government was subjected to a fire of criticism on the score of its failure to realize the gravity of the situation. This would have mattered little—for neither section of the Opposition had as yet put forward a sound constructive policy—had Smuts been able to rely on his original majority, but an extraordinary series of deaths and

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other causes made necessary a number of bye-elections which resulted in his opponents gaining several seats and cut his one-time handsome majority of 22 to 4.

Not unnaturally, the Nationalists and Labor were quick in taking advantage of this change in the position. A long sojourn in the Opposition wilderness is not an exhilarating experience and it behooved them to leave no stone unturned to overturn the government.

Labor were the first to make a move, for it was absolutely necessary to disabuse the public of its fears of their alleged tendencies towards Bolshevism. The disastrous upheaval in March, 1922, when the communist minority, knowing exactly what they wanted, had misled the mass of working men and undermined the authority of the recognized Trades Union leaders, provided a grim warning how easy it is for the tail to wag the dog. The failure of responsible men to control the movement had shaken public confidence and alienated the sympathies of many who, dissatisfied with the apparent apathy of the Smuts government, were not disinclined to throw in their lot with Labor. Consequently, Colonel Cresswell, the Labor leader in the House, introduced at a party conference an amendment to their constitution which would have effectually dispelled any suspicion of socialistic leanings. He obtained the full support of his most able and moderate supporters, but met with active opposition on the part of the extremists. The outcome must have been disappointing to him. He succeeded in obtaining certain verbal alterations, but though the letter of the constitution was changed the spirit remained the same. Mention of one significant point concerning another issue, however, must not be omitted. He announced the unswerving loyalty of his party to the British connection.

In the meantime the Nationalists had not been idle. The cry of secession which they had raised in 1919 and 1920 had proved in many ways disastrous. General Hertzog, the official leader, had always looked upon its open adoption somewhat askance; and it was really Mr. Tielman Roos, a more restless representative of the younger generation, who was responsible for forcing the issue. It had thrown the Unionists into the arms of the South African Party; had fostered racialism of which the country as a whole was heartily sick; had estranged many moderate Dutchmen; and was regarded with the gravest alarm in Natal,

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by far the most British of the four provinces. In fact, Natal made no secret of its intention to secede from the Union should the latter secede from the Empire, thus taking up a position not unlike that of Virginia just before the Civil War. Accordingly, it was decided not to revive the idea of secession till some future date, when possibly the country might be more ripe for it.

With the Nationalists' abolition of the secession plank the chief obstacle between an offensive alliance of the two Opposition parties was removed, and as the result of a private conversation between Hertzog and Cresswell there sprang into being the famous "pact" which has evoked such ridicule on the part of the Government Press. Before formal adoption it had of course to obtain the official sanction of both party committees; but this was given within a short time as the result of two conferences, although one Labor member withheld his benediction, explaining his action on the score of his doubts as to the genuineness of the action of the Nationalists in jettisoning secession.

An alliance between the Nationalists and Labor is of course somewhat peculiar since it is tantamount to a partnership between the most conservative and the most radical elements in the country. The Government Press were not slow in recognizing this feature of the new movement, and they spared no pains in trying to drive a wedge between these strange associates.

The "pact" therefore needs careful explanation to make it intelligible, though it is in reality simpler than it seems. Two points must be borne in mind while studying it. First, there is no question of that pre-historic and worn out device of log-rolling. Hertzog did not say to Cresswell in as many words "if you vote for us on this bill, we will give you our support in that." They merely agreed to combine against the common enemy. That is the second point. The alliance is purely offensive. It is nothing else than an arrangement to defeat the South African Party at the next election by all legitimate means, especially by an avoidance of triangular contests, which generally result in the minority of the electorate being alone represented in Parliament.

As this is being written an important bye-election has just been won at Wakkerstroom by the Nationalists and General Smuts has announced in the House the Cabinet's decision to dissolve Parliament and the Governor General's consent to that course. The Prime Minister stated that this unexpected step was taken because the ministers felt that in spite of their retain-

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ing a slight parliamentary majority it was doubtful, in view of the special significance of the Wakkerstroom election, whether the Cabinet still had the confidence of the country.

It should be remembered in considering the situation thus presented that the "pact" between the Nationalists and Labor is a temporary election combination. There is no compromise along lines of policy, save as far as secession is concerned, and no pro rata allotment of portfolios in the Ministry has been arranged should the allies attain their object. What would happen in that case obviously depends on the strength of the respective parties. If Labor holds the balance of power, South Africa will have to face the prospect of a political situation similar to that prevailing in Great Britain today, which will be very detrimental to the best interests of the country. There is little chance of the two sections of the former Opposition being able to frame a united program. They differ too much on fundamentals. The Labor members, who view with grave dissatisfaction the vast areas of undeveloped land all over the Union, much of which is held by big companies, have made one of the principal planks of their platform a scheme of land taxation, which is *anathema maranatha* to the big farmers (especially in the Orange Free State) who are the main supporters of the Nationalist Party and find most of the sinews of war for the party chest. The hotheads among the Laborites are also agitating for an eight-hour day in the agricultural districts, an idea which, of course, is plainly childish in such a country as South Africa, if not in any. Lastly, there are ominous signs among the natives. The thousands who return to their kraals from the mines have absorbed the idea of Trades Unionism and are spreading its gospel in every corner of the country. The emissaries of the Ethiopian Church are preaching the slogan of "Africa for the Blacks," and although the older and more level-headed chiefs do their best to suppress these doctrines the younger generation lap them up greedily. It is becoming increasingly difficult every year for the farmer to get his necessary supply of native labor, unless he has several families "squatting" on his land. All this is attributed by the farmer to the influence of theories first introduced into this country by Labor, and, though the Nationalists are for the moment willing to make use of their coöperation, they bitterly resent the principal articles of the Labor creed.

On the other hand a general landslide in the country districts,

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which the Nationalists confidently predict, will at least give them time to look around and submit a constructive program. With a majority over both the other parties in the House, they will be able to show that they merit the trust which has been accorded them for so many years by their followers. Of course the bogey of finance has been raised already in South Africa, precisely in the same way as that adopted by the Rothermere press in Great Britain when it was known that Ramsay MacDonald had decided to form a government. With the advent of a Nationalist government to power it is prophesied that capitalists will refuse to venture their money in this country, and that capital being the one thing absolutely essential for the prosperity of South Africa we shall all be ruined. Others again argue that the leaders will be pushed to extreme measures by the mere pressure of their followers who, disregarding the sobering effect which invariably accompanies the possession of office, will show their displeasure in no uncertain way if the promises with which they have been fed and sustained for so long are not fulfilled.

Both these propositions are open to query. It is, however, extremely probable that the mining magnates will engineer some financial coup in order to discredit the Nationalist government, and that may well prove the acid test of political stability. As regards the second menace, few people, save the professional alarmists, take it seriously. The average Nationalists, especially from the country districts, have unlimited confidence in the sagacity of their leaders; and though some demonstration may be expected from one or two of the firebrand members of the Free State, the feeling of responsibility will undoubtedly act as a check on their impetuousness.

It will thus be seen that in the event of Smuts losing the election South Africa is faced with two possibilities,—Labor holding the balance precisely as the Irish Nationalists did at times in the British House of Commons, or the Nationalists returning at least seventy members. In either case it would surprise no one if there were some rapprochement between the Nationalists and the less intolerant members of the South African Party. The old "Die-Hards," representing the remnants of the jingo Unionist Party, would presumably have nothing to do with such a fusion, but there is little doubt that it would have a most favorable reaction on the country. It would drive another nail in the coffin of racialism, as there is a large conservative British element which

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would have no hesitation in ranging itself under the Nationalist banner, once the danger of secession had been removed. Only one real disadvantage can be said to attach to it. With a Nationalist or Nationalist-cum-Labor government, the Parliamentary tone of the house would be raised by the presence of a powerful Opposition, skilled in debate, whereas the present Opposition has shown itself destructive and obstructive rather than interested in the framing of legislation by valuable amendments. The creation of a new National, as distinct from a Nationalist, Party would mean the continuation of the existing order of things, and a weak and purely partisan clique on the Opposition benches. But this is but a small matter. The birth of a big, powerful, *united party, comprising both British and Dutch, and heralded* into the world by the death and burial of racialism, would be most beneficial to the country. It would at once establish a political equilibrium and so inaugurate a new spell of prosperity for the Union. Its success—and success would be inevitable—would at once dispel the bogey already referred to, the reluctance of capitalists to invest money in a country riven by dissensions, and we should obtain the capital necessary for the development of the vast wealth lying ready at hand.

For there is no use disguising the fact that fresh industries must be found for South Africa, and that right soon, unless she is to fall back in the race for material progress. Within a few years the majority of mines on the Reef, if we except the newer ones on the Far East Rand, will have become hopelessly unpayable; indeed, had it not been for the ill-advised strike of 1922, the collapse of which enabled the mining houses to carry out their policy of reduction of wages, several would have closed down already. It is only by lowering the cost of production per ton, aided also by the gold premium, that they have been able to enjoy a new, if somewhat precarious, lease of life.

Many hard things have been said in South Africa about Johannesburg and its mines, especially by the agricultural community; and in all probability it will only be when the Reef decays that the farmers will realize what they have lost in the way of money by the closure of this vast market with its two hundred thousand native mine workers. The food supplies for the compounds reach a staggering figure, and the value of every ton of it is retained in the country. It is only too obvious, in view of the moribund condition of nearly every central mine,

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that without loss of time some substitute should be found. There are plenty of opportunities, for, despite the amazing wealth which has been extracted from Kimberley and the Rand there are many metallurgists who positively assert that the mineral wealth of South Africa has as yet hardly been tapped. The extensive Transvaal iron deposits are ready to hand, affording endless scope for the establishment of vast foundries and factories; manganese has recently been found in the same fortunate province; a big area rich in corundum awaits scientific exploitation; favorable reports have been made in the Wakkerstroom oil shales, and chemists are even now engaged on working out the best means of extraction; mica and asbestos are being worked in a hundred different localities, while many of the most important mountain ranges, the Waterberg for example, have never been exhaustively prospected. And in addition to these mining openings there are many infant industries which only need buttressing up in order to expand. What is needed to attract an influx of capital for these objects is a stable and durable government. If it is stable and durable, no matter whether Smuts or Hertzog is at the head, capital will come in. Hence the first and foremost task of the Nationalist government must be to inspire confidence.

Other problems, of course, await settlement, of which the Rhodesian question and the question of the incorporation in the Union, with full citizen rights, of the inhabitants of former German South West Africa, over which the Union holds a mandate, will in all likelihood prove the most thorny. Rhodesia, as is well known, rejected the advances made some time ago to her by Smuts for inclusion within the Union; and probably were Hertzog to be returned to power she would find new cause for self-congratulation on her decision. But nothing can stay the inexorable march of destiny. Individuals and parties are ephemeral, and as surely as day succeeds night Rhodesia must enter the Union. The negotiations over South West Africa should not be attended with so much difficulty, as there will be no question of waiving established rights and accepting alien guarantees. The settlers there will be exchanging a position of disfranchisement for full citizen privileges. And it may well be that they would find it a less delicate matter to treat with a Nationalist than with a South African Party government.

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THE RECONSTRUCTION OF AUSTRIA

By Sir Arthur Salter

THE moment at which the new scheme presented by the Committees of Experts offers the most promising and most serious attempt yet made to solve the central economic problem of Europe, is an appropriate one at which to examine the progress made in the reconstruction of Austria. For among the reconstruction schemes already put into operation the one undertaken in September, 1922, is beyond comparison the most interesting and the most significant which the world has seen since the war. It is a scheme at once constructive and international in character. It is not only keeping a country alive, but it is putting it on its feet, and it is doing this by a combination of national self-help and international coöperation. After the havoc and disorganization left by the war we have seen some countries sink into chaos and destitution, others struggling painfully to comparative prosperity, still others kept alive by external charity. In Austria alone we have a country which, after definitely failing to save itself unaided, and after drifting to the very brink of chaos and destitution, is being brought back by sustained and effective international action. It is now nineteen months since the experiment was planned and sixteen since it has been in effective operation. The task is not indeed accomplished, but the experience already gained is sufficient to permit a general description of the present situation and a reasonable judgment of the future.

I

The situation of Austria which confronted the League of Nations when it was asked by the Allied Powers to intervene in August, 1922, may be very briefly summarized. Its main features are well known. The rich and powerful Empire of Austria-Hungary had in 1919 been broken in war and dismembered by peace as no other country has been in recent history. Of the fragments into which the old empire was divided Austria was by far the most miserable. Vienna, once the rich capital of over sixty millions, was left the center of a small country with only one-tenth of that population. Her own population was more than half that of all the rest of the country of which she

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still remained the capital. The new Austria produced less than one-third of her food supplies and few raw materials. She was hemmed in by new political frontiers, which became also for a time almost impassable economic barriers. These barriers separated the urban populations from the food, without which they could not live, and the main industries both from their raw materials and from their markets. As a country the new Austria had no national self-consciousness, no sentiment of unity, no feeling of patriotism. The provinces felt no unity with, or common responsibility for, the capital. In sentiment, in economic relations, in administration and government, this small fragment, the new Austria, began indeed, for practical purposes, to break up into even smaller units. And this dismembered and impoverished small country was left with the weight of a reparation obligation none the less serious because it was undefined.

Under these conditions Austria's spirit broke. She gave up any serious attempt to reëstablish her future. Her administration became demoralized, her power of government enfeebled. She continued or embarked upon expenditure which no resources of her own could meet. She printed notes and borrowed recklessly. The officials of Vienna were as numerous now that Vienna was the impoverished capital of a small country as when she was the rich center of an empire ten times the size. The demoralization of her administration may be illustrated by the fact that she was still printing one-crown notes in June, 1922, when the crown was worth less than one-hundredth of a cent, a mere fraction of the cost of the paper and printing.

For three years Austria became the beggar of Europe. The charity of the world responded generously and over $100,000,000 of public money was lent by other countries, in addition to millions of private charity—America taking a leading part in both. With this help, and with the losses of foreign speculators in the crown, or foreign merchants who accepted the crown in payment for their goods (losses estimated at no less than some $150,000,000), Austria lived—but pitifully and precariously. She froze in winter, and a large part of her population was hungry throughout the year. Her middle class was almost destroyed, and it was a common sight to see scientists or historians of European reputation ill-clad or obviously starved. The mortality was high and, among children, terrible.

In 1921 and 1922 there was some improvement in the actual

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supply of food and some of the barest necessities of life. But it was a precarious improvement only rendered possible by the foreign money which was flowing in from public loans and from private charity, aided by the continued optimism with which for a long time the foreigner still accepted the crown in payment.

But such external money as was available was all consumed for current needs. There was no reconstruction. The deficit in the budget was continually increasing. The fall in the value of the crown was becoming continually more rapid. By August, 1922, all external sources of help had come to an end. The springs of public and private charity had dried up. The crown had dropped to 1–15000 part of its gold value and was still falling precipitously. It was clear that it could not long continue to be accepted in payment by foreigners. Austria was faced with the vital necessity of purchasing large imports of food and raw materials during the coming autumn and winter, and she had no resources from which to pay for them. There seemed no escape from destitution, starvation, riots and perhaps revolution, with incalculable foreign complications.

II

It was in these circumstances that Austria made a last appeal to the Allied Powers in London in August, 1922. She obtained cold comfort. She was told that "representatives of the Allied governments have come to the decision that they are unable to hold out any hope of future financial assistance." She was referred to the League of Nations. At the time this reference was generally understood as little more than a formula of polite dismissal. Monsignor Seipel, indeed, on receiving the reply went not to Geneva but to Prague, Berlin and Verona, to discuss the situation of his country with the Governments of Czechoslovakia, Germany and Italy. When he was at Prague there was real anxiety at Rome as to the object of this visit. When he went to Verona there was equal anxiety in Prague. When he went to Berlin all the Allies became uneasy.

There had been for some time a movement in Austria, which grew in proportion to her distress, in favor of union with Germany. And now, as the prospect of disorder and revolution drew nearer, the possibility of intervention by Italy was also actively discussed and became a subject of anxiety in Czechoslovakia. It was clear, indeed, that the imminent dangers of social distress

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and disturbance had developed to a point where they had created a grave political problem.

The League was therefore confronted with a complex problem, political as well as financial and economic in character. It was fortunate that already in 1921, before it had the power or authority to act, the League had carefully studied the Austrian position with the aid of an expert commission in Vienna. It was fortunate, too, that when the appeal for intervention arrived the Assembly was just about to meet and was throughout the subsequent negotiations able to provide the most favorable atmosphere for the negotiations; that the Council was in constant session throughout September to provide the necessary political authority; and that the Financial Committee, also in session, was there to give the required expert advice. Difficult, therefore, and almost desperate as the problem appeared to be, the League decided to make a serious attempt at a solution.

Mgr. Seipel was invited to attend meetings of the Council and, in accordance with the normal rule of the League, became a full member of the Council during consideration of a question particularly interesting his country. The representative of Czechoslovakia, Dr. Benes, was similarly added, and a strong committee, consisting of these two members, with Lord Balfour, M. Hanotaux and the Marquis Imperiali, handled the whole question during the next five weeks. Working under the general directions of this committee, the Financial Committee of the League prepared in detail a scheme of financial reconstruction, while the main committee proceeded to deal with the political aspects of the same problem.

III

In five weeks a comprehensive scheme was framed, signed and launched.

As its basis a protocol was signed by Great Britain, France, Italy, Czechoslovakia, certain other powers, and Austria herself, containing a solemn declaration that the signatories would respect the political independence, the territorial integrity and the sovereignty of Austria; that they would seek no special or exclusive economic or financial advantage which would compromise Austria's independence, and that if any such question arose they would refer the matter to the Council of the League and comply with its decision. Austria herself in the same protocol entered

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into corresponding commitments. Aided by the confidence created by an international agreement and the coöperation promised in this protocol, Austria was to be restored by a plan of *financial* reconstruction. Complicated in its detail, this scheme is simple in its main outline and principles.

The immediate trouble with Austria was that the value of her currency was rapidly falling. This was due primarily to the fact that her revenue was insufficient for her public expenditure and that the government, having no other resources, was meeting the deficit by printing notes. It was therefore first provided that inflation by the issue of notes should cease at once, and, to assure this, that the right of note issue should be transferred by the government to an independent bank of issue working on commercial principles and in accordance with carefully defined statutes approved by the League.

Of course this in itself was no solution of the problem. Inflation resulted directly from an unbalanced budget and stability was impossible unless the budget could be brought into equilibrium. Austria was therefore to undertake internal reforms, the indispensable condition of external help, which would in time secure a balance of her expenditure and receipts.

It was estimated that this could be effected in two years. The stoppage of inflation, however, necessarily deprived Austria of the only internal means by which she could meet her current deficits and it was necessary to meet the deficits for the two years in question, estimated at about $130,000,000, by loans. Austria herself was required to raise the first of these loans, but she could obviously only raise a small portion; the rest had to come from outside.

Austria's assets, in particular her customs and tobacco receipts, were quite sufficient security for these loans if they could be relied upon. But at the time there was an obvious danger that Austria herself would fall to pieces, in which case her customs and tobacco receipts would necessarily disappear. It was not therefore practical, at the desperate stage which Austria had been allowed to reach, to expect foreign investments on her own securities alone. This difficulty was met in two ways. Not only was Austria's political and economic independence assured by the protocol already referred to, but in addition Italy, Great Britain, France, and Czechoslovakia each agreed to guarantee a portion of the loan, and ultimately Belgium, Sweden, Denmark,

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Holland, Switzerland, and Spain were also associated as guarantors under the same or somewhat similar terms.

It was contemplated that in this way the necessary external loan could be obtained, but that was clearly not enough; it was essential to provide that the funds so raised were really used to achieve the object in view—the permanent self-supporting independence of Austria. Austria bound herself to undertake the most drastic administrative reforms. A delegation of the League at once visited Vienna and worked out in detail, with the Austrian Government, the legislation, the statutes and arrangements for the new bank of issue and a program of budget reform, limiting the expenditure in each period of six months for two years in such a way as to secure, on a moderate estimate of the yields of taxation, a budget equilibrium by the end of 1925. A Commissioner-General—Dr. Zimmermann—was at the same time appointed by the League to see that the reforms were duly executed. His authority was increased by the fact that both the revenue assigned as security for the loan, and the loan itself, were paid into accounts from which no money could pass to the Austrian Government without his consent.

Such in bare outline was the scheme. One comment immediately occurs. The scheme was obviously one of financial reconstruction only. It did not directly deal with Austria's economic position, which, it was clear, could not remain permanently stable unless not only her budget and financial position was satisfactory, but also her trade balance. It was also obvious that she must not only meet her public expenditure by taxation, but she must produce, and sell, as much as she consumed. It was common knowledge at the time that the trade balance of Austria was seriously adverse. Many economists believed, indeed, that with her new frontiers nothing else was possible; that the new Austria created by the peace treaty was essentially not "viable." The League fully recognized the existence and importance of the economic, as well as the financial, problem; but it was felt that the best contribution which a League scheme could make to the economic problem was to give, for the first time since the war, a stable basis on which Austria herself could develop her economic life and make such adaptations as might prove necessary. It was believed that with the advantage of such a stable basis the task of adaptation would indeed be difficult and painful, but not impossible.

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IV

Before proceeding to compare results with anticipations, it will be interesting to notice the criticisms made throughout the world at the time of the adoption of the scheme. It was generally said by the economists and financiers of all countries that the League advisers had been too optimistic in thinking that a loan could be raised on securities so novel to the lending public, that equilibrium could be attained in as short a period as two years, or that so small a sum as that contemplated could suffice to meet the deficits in that period. It was further said generally that the new Austria with her large capital was top-heavy, and probably did not possess the natural and acquired resources necessary to enable her to pay her way.

In the first place, the loan was successfully and very rapidly raised (at the same rate of interest as the average yield at that time of the French and Italian external loans) in New York, London, Paris, Rome, Brussels, Switzerland, Prague, Amsterdam, Stockholm, Vienna and, somewhat later, Madrid.

The Austrian crown was at once stabilized and has remained absolutely stable in relation to the dollar for the whole of the nineteen months. Instead of being the least stable currency in the world outside Russia, it has become the most stable currency in Europe. With legitimate pride it is locally known as the "Alpine dollar." The difficulty, in fact, has been, as we shall see later, not to prevent the crown from falling but to prevent it from increasing in exchange value in such a way as to impede economic development and increase the real burden of the public debt. The most notable features of the whole experience have been the way in which, once a comprehensive scheme supported by international coöperation was produced, confidence returned immediately, and the startling recuperative effect of this returning confidence. The previous flight *from* the crown was replaced at once by a flight *to* the crown. Nothing could better illustrate the difference between the old methods of piece-meal system and the present comprehensive scheme than the record of the exchange value of the crown. Early in 1922 the British Government lent a sum of £2,000,000. It was spent mainly in an attempt to maintain the value of the crown by selling foreign exchange at a fixed rate. In three or four weeks the £2,000,000 was exhausted and the crown continued its fall. But after the

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present scheme was launched the same process of offering foreign exchange at stable rates resulted not in the exhaustion of foreign exchange but in its increase. The foreign exchange holdings in the national bank now amount to some 300,000,000 gold crowns, as compared with corresponding holdings of less than 20,000,000 when the scheme commenced. From the first the Austrian public, instead of bringing crowns and asking for foreign exchange, brought back the foreign exchange which they had hoarded or invested abroad and asked for crowns. Every other index of restored confidence gave the same results. Savings increased in real value twenty-fold in some sixteen months. The value of the stock exchange securities in the same period increased four-fold.

The progress made in balancing the budget has similarly exceeded all anticipations. The main scheme contemplated stable equilibrium being attained by the end of 1924, and in order to give a margin for security the detailed program was so arranged as to secure a balance by mid-summer 1924. In fact, however, receipts have been equal to expenditure in every month since November, 1923; that is to say, equilibrium (though not necessarily stable equilibrium) had already been attained within eleven months of the scheme being effectively initiated with the institution of control. The yield of taxes has been considerably greater than was anticipated. The yield for example of the revenues assigned as security for the loan doubled in gold value in the course of 1923. They were already some thirty percent above the estimates in the first six months of the year, and were about doubled by the end of the year. As a consequence of this, considerably less money than had been anticipated has had to be drawn from the proceeds of the loan to meet current deficits. More than half the period has elapsed—the half during which much the heaviest expenditure was expected—but less than half the loan money has been spent. Up to date, in fact, only between fifty and sixty percent of the loan expenditure contemplated has been required.

In the meantime the general economic condition of the country —if not in all respects all that could be wished—has certainly been immensely better than was anticipated. The cost of living has remained fairly stable. It was exactly the same in September, 1923, as in September, 1922, though it has since begun to show some signs of increase. Unemployment, though greater in

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the period of depreciating exchange, has never been so serious as in Great Britain, Czechoslovakia, or Switzerland—to take three countries with comparatively stabilized exchanges—and again has been much less serious than was anticipated. The numbers of unemployed were 38,000 in September, 1922, rising to 167,000 in March, 1923; but falling again to 77,000 by November of last year. The figure has now, however, risen again over 100,000 and gives some cause for anxiety. Most important, perhaps, with a view to the permanent future of Austria, has been the clear demonstration that Vienna, instead of being as was feared an impossible burden upon the small state of Austria, has been an asset. Vienna never entirely lost, and has now recovered, her position as banker of southeastern Europe. The earnings and profits of financial operations are indeed an immensely important factor in the Austrian balance of payments. Unfortunately, from the statistical point of view, they are "invisible exports," incapable of exact assessment. The statistics of visible trade show for January, 1923, a total value of imports and exports of 149,000,000 gold crowns (adverse balance 31), and for November of the same year 253,000,000 gold crowns (adverse balance 85). These figures, however, for the above reason are important rather as showing the expanding economic activity of Austria than as suggesting a real adverse balance. The invisible exports have been rapidly increasing throughout the whole of this period. The visible adverse balance in fact only reflects the fact that Austria is largely dependent on the financial earnings of Vienna.

These fortunate results, however, are subject to one important qualification. The budget equilibrium has, at least for the time, been attained, but it has not been attained mainly through reduction of expenditure, but through an increase in taxation receipts. And there is some reason to fear that this increase may not be entirely permanent in character. The influx of foreign exchange,—from the proceeds of the external loan, from the return of Austria's foreign credits, and from foreign capital attracted by the large financial profits of last year,—has created a prosperity which to some extent may be temporary in character, as its immediate causes are largely temporary. It is this partly abnormal prosperity which by increasing taxation receipts has reduced the budget deficits. The present danger is that, though budget equilibrium is attained, it may be on too high a level of expenditure to give an assurance of permanence.

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The general prosperity and the increase of receipts have naturally made it more difficult to insist on strict economies.

The use of foreign money to meet deficits in Austrian crowns, coupled with the influx of foreign exchange from the other sources indicated above, has moreover resulted in certain currency and price problems which are of considerable interest to the economist.

As always happens in a period of rapidly falling currency, the fall in exchange value of the Austrian crown had by August, 1922, largely outrun the increase in the number of notes printed, and the total gold value of the currency in existence was at that time obviously insufficient for the conduct of the business of the country under normal conditions. To a large extent transactions were effected through the medium of foreign exchange, and in other ways the public had found means of avoiding the use of a currency which was ceasing to be any sure measure of value. It was always contemplated, therefore, that while the strictest provisions must be taken to prevent an inflationary printing of notes, additional notes would be required, against a proper reserve, to meet the expanding needs of the country. In fact, the amount of currency, and, as its value was stable, its gold value, doubled in the course of 1923 and is now about four times as great as in September, 1922. This increase has been effected without running any risk of depreciation in exchange value, since 100 percent of cover in foreign exchange has been kept against the additional notes. It has also up till recently been effected without causing a depreciation in internal purchasing value, *i.e.*, without an increase in prices. The index figure was exactly the same for December, 1923, as for September, 1922. The increase, in fact, corresponded with a general increase in the economic activity of the country, and still more in the demand for Austrian crowns for internal use as the crown again became the sole medium of exchange. Recently, however, there are several signs (for example, in a tendency of the index figure to rise) that the increase of notes is in danger of outrunning the *internal* demand. This creates a difficult situation, for foreign exchange continues to flow in. If the bank continues to print notes and to give them out at the standard rate of exchange, internal prices must rise. If, however, the bank slows down the printing of extra notes it is difficult to avoid appreciation in the external value of the crown, with its normal consequences. I need not here go into the technical methods by which a solu-

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tion is being attempted for this dilemma, but the dilemma itself is an interesting example of the difference in the problems presented in the course of the execution of the scheme from those which occupied attention when it was begun. It would certainly have seemed very curious in 1922 to discuss the danger of an *appreciation* in the crown.

In general summary, therefore, it may be said that while there are certain features in the Austrian position which will need anxious watching, the situation as a whole is very much better than was anticipated by the most optimistic in 1922. As a well-known financier said to me recently, "If Austria is now suffering, it is no longer from 'poor man's gout' but from 'rich man's gout.'"

V

It may be convenient if I now turn to a few specific criticisms which have been made of the working of the scheme. It is essential, however, in considering such criticisms to keep a proper perspective by remembering the desperate condition of Austria until eighteen months ago. It is only too easy, in view of the financial prosperity of this last year, to forget the desperate position which preceded it and to begin to apply to Austria standards of comparison which no one would have thought of applying in 1922. Nothing can better give this perspective than a quotation from the concluding words of the Financial Committee's Report of September, 1922:

"The Committee feels bound, in conclusion, to issue one word of warning. Austria has for three years been living largely upon public and private loans, which have voluntarily or involuntarily become gifts, upon private charity and upon losses of foreign speculators in the crown. Such resources cannot, in any event, continue and be so used. Austria has been consuming much more than she has produced. The large sums advanced, which should have been used for the reëstablishment of her finances and for her economic reconstruction, have been used for current consumption. Any new advances must be used for the purposes of reform; and within a short time Austria will only be able to consume as much as she produces. The period of reform itself, even if the new credits are forthcoming, will necessarily be a very painful one. The longer it is deferred the more painful it must be. At the best, the conditions of life in Austria must be worse next year, when she is painfully re-establishing her position, than last year, when she was devoting loans intended for that purpose to current consumption without reform.

"The alternative is not between continuing the conditions of life of last year or improving them. It is between enduring a period of perhaps greater hardship than she has known since 1919 (but with the prospect of real amelioration thereafter)—the happier alternative,—or collapsing into a chaos of destitution and starvation to which there is no modern analogy outside Russia.

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"There is no hope for Austria unless she is prepared to endure and support an authority which must enforce reforms entailing harder conditions than those at present prevailing, knowing that in this way only can she avoid an even worse fate."

This passage already seems somewhat paradoxical, or at least over-strained in tone. We must not forget that it seemed a platitude, and perhaps an under-statement, to all the world when it was written.

With this preface I turn very briefly to some of the criticisms most commonly made. It is sometimes said that the intellectual and the middle class generally is suffering in Austria. This is true. No class suffered so much from the depreciating currency. The value of their savings was destroyed; the value of their current earnings largely reduced. The evil had been done, however, before the League scheme was introduced. The League has done nothing to aggravate it, and much to improve it. It has given a stable basis on which the middle class can readjust, —and largely have readjusted,—their earnings and salaries, and once readjusted the gain is permanent. The scheme has not, indeed, restored their lost savings. That was impossible. If the crown had been allowed to rise in value and so somewhat increase the purchasing power of dividends from bonds and other securities payable in Austrian crowns, the relief could at the best have been infinitesimal to the middle class holding such bonds. Those who had suffered most had already parted with their bonds. The gainers in the great bulk of cases would have been people who bought at a depreciated value and who would have made an entirely undeserved and unnecessary profit at the expense of the state. Moreover, even stabilization caused an impediment to Austria's foreign trade, as it has done in every other country, and appreciation would have been fatal to it. In addition, it is obvious that any appreciation in the crown would have increased the burden of Austria's budget and so rendered more difficult the whole progress of her reform.

A second criticism sometimes made against the scheme is that it has impeded social legislation. During the socialist régime Austria proceeded to enact very rapidly a series of social measures. Five main laws included provision for an eight-hour day, unemployment insurance, workmen's councils, collective contracts and a system of conciliation boards. With the passage of these laws social legislation in Austria was, except for the absence

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of any scheme of old age pensions, advanced by comparison with that of most countries of Europe. These laws have not been annulled, or seriously modified, since the scheme of reconstruction has been in force. But already, before that scheme was begun, the socialist government had been replaced by a *bourgeois* government, which was naturally not inclined to apply the laws as completely as their predecessors would have wished, still less to pass new measures involving additional expense. The arrest in the development of social measures therefore came originally not from the scheme of reconstruction but from the rejection of the socialist government by the Austrian people. It is of course true that any scheme of which the main basis is economy such as will enable the budget to be balanced, must operate as a restraining force against proposals involving new expense. It is, however, a rather idle question to ask whether the scheme has impeded social progress. Social measures, however desirable for a country which can afford them, must obviously bear some relation to a country's financial resources.

A more pertinent question is whether the progress achieved is permanent in character,—whether there is any assurance that when the control is terminated Austria can and will remain in the position of self-supporting independence. This is a much more difficult question to answer. All the indications are to the effect that the fundamental economic resources and earning capacity of Austria are such as to enable her to live on a reasonable standard of life and with no impossible changes in the life and occupations of her people. Vienna has been clearly shown to be a source of earning power, a net asset to the country and not a drain upon the resources of the provinces. At the same time it is possible, for the reasons given above, that Austria's present prosperity is to some extent fictitious and temporary. It is doubtful whether her permanent economic resources are yet sufficiently developed to give her a permanently stable basis of prosperity and independent life, though it is fairly clear that they are capable of such development. It is also true that the maintenance of a budget equilibrium will need a succession of reasonably strong and strict governments, and political conditions which will enable them to avoid unjustified expenditure. Here, again, the future only can give a definite answer. It should be noted, however, that the League control is, under the protocol, to last not merely till the moment when equilibrium is

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attained, but until the Council "shall have ascertained that the financial stability of Austria is assured."

VI

An attempt is now being made to apply the same principles found effective in Austria to the somewhat analogous problem of Hungary. Hungary, unlike Austria, is agricultural and more than self-sufficient in the prime necessities of life. The fall of the Hungarian crown was, for these reasons, not so immediately catastrophic in its results; and it is likely that, in such a country, the financial results of restored confidence will be on a smaller scale. But there is no reason to doubt that the same methods will be equally successful in securing a stable basis on which the country can attain its normal economic development.

Those who study carefully the principles of the scheme prepared by the Committees of Experts for securing stabilization in Germany will find (with important points of difference) much that bears a close resemblance to the Austrian and Hungarian schemes. In taking as the main bases of their scheme (1) a stabilized currency secured by an independent bank of issue and (2) a balanced budget, the Experts have obviously proceeded on the same principles. In estimating first the budget possibilities and afterwards safeguarding the exchange position by limitations upon transfer from marks into foreign currency they have applied a method adopted in the Hungarian scheme. Finally, the method of securing an external obligation, otherwise determined, by means of assigned revenues controlled by commissioners, again follows the Austrian and Hungarian models.

There is, of course, the important difference that Germany is considered capable of meeting her ordinary external expenditure from her internal resources, without requiring a loan devoted specially to meeting ordinary deficits during a period of reconstruction, and that there is therefore no general budget control during a reconstruction period. In spite of this difference, however, the Austrian and Hungarian schemes, in addition to bringing stability to the important region of Europe directly concerned, may perhaps be justly considered to have assisted in the solution—if, as may be hoped, it proves to be the solution—of the larger problem of Germany.

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THREE LESSONS OF THE NAVAL WAR

By Arthur Hungerford Pollen

THE TRIUMPH OF UNARMED FORCES. By Rear Admiral M. W. W. P. Consett. New York: Brentano's, 1923.

NAVAL OPERATIONS. Vol. III and Plans. By Sir Julian S. Corbett. New York: Longmans, 1923.

THE WORLD CRISIS, 1915. By Winston S. Churchill. New York: Scribner's, 1923.

IT WAS obvious to all observers in August, 1914, that if the Central Powers failed to get a quick decision, not only would they never get a decision in their favor at all, but it was heavy odds on their ultimate defeat. It was universally perceived, that is to say, that the ultimate resources of Great Britain, France, and Russia were far greater than those of Austria and Germany. To make those resources tell, time was one essential; and the maintenance of the sea service, which Great Britain alone possessed, was another. Provided the British command of the sea was maintained, the superior resources thus brought to bear should make victory inevitable. After the war was over, it was again a commonplace that the fact that British sea power did endure throughout the war constituted the condition without which there would have been no Allied victory. Without it neither the manufactures, nor the raw material, nor the food, nor ultimately the armed men of the United States, could have turned the balance, as in fact they did. And if the event was foreseen—and, after its occurrence, recognized—it was also common knowledge (the large and effective help given by France and Italy and particularly by the United States, notwithstanding) that it was the British sea service, kept in being by British sea power, that was in fact the effective agent of victory. The actual contribution of the British navy to the war was both indispensable and effective.

In the face of this statement it seems both ungracious and paradoxical to go on to a third commonplace. Though British sea power was a condition of ultimate victory, it was not itself victorious. For an agonizing five months the British navy was failing altogether to protect the sea transportation necessary to the Allies, so that their cause was perilously near collapse. On the only occasion when the fleets met, the British battle-fleet

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not only failed to defeat the German; it failed even to bring it into action. In the most striking and dramatic initiative undertaken by the British navy, *viz.*, the attempt to break through the Dardanelles and open up communication with Russia, it not only did not force a passage, but its failure involved a loss in men, time and prestige far greater even than the mere naval failure would have involved had it stood alone. And finally, though the British navy had the sea communications of the enemy in its grip from the very start of hostilities, yet, until America came into the war, the capacity to blockade Germany was simply not used. So against a final success that cannot be questioned there must be set four tragic disappointments,—two of them, alas! irremediable, one which terminated when America became belligerent, and one which ended only when a reluctant Admiralty was driven to adopt the well tried principle of convoy. The want of resolution first to starve Germany, and then to fight her fleet; the want of understanding that by imbecile tactics made the achievement of a great strategic objective impossible—may well be called tragic. An effective blockade; a naval victory; a linking up with Russia through the Straits in 1915—any one of these would have ended the war in our favor before the summer of 1917.

The last, in point of time, of these four unhappy misadventures has been brought before us by only one book written by an individual responsible for it. Lord Jellicoe's second volume, published, if I remember aright, either at the end of 1919 or early in 1920, gives his version and defense of the policy followed by the Admiralty after Germany's final declaration of ruthless war against Allied shipping. Admiral Sims, also, has thrown some light on the period by his admirable book. But nothing like an impartial, or even accurate, history of those momentous days has yet appeared. It seems very unlikely that any such will appear. Nor is it very important that it should. The elements of the problem were always exceedingly simple. There was never anything to be explained—except the inexplicable reluctance of the Admiralty to adopt a remedy that had always had in its favor not only the prescription of history but the enormous experience accumulated in 1914, 1915, and 1916 by the transport of troops from England to France, and indeed from all parts of the Empire to the theatre of war. And as the deciding will in standing out for so long against convoy was Lord Jellicoe's, there

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is, so long as the fact is recognized, no reason for asking any further account of the matter than that which he himself has given.

But on the other three matters there have just appeared three works, each of capital importance. Rear Admiral Consett, who was British Naval Attaché to the Scandinavian countries for some time before 1914, has within the last few months told the world for the first time the singular and indeed almost incredible story of our diplomatic dealings with Denmark, Sweden, and Norway up to America's declaration of war. Sir Julian Corbett's third volume details the history of the Jutland engagements in the light afforded by the latest German information, and, what is more important, does so with such a complete set of authentic plans as to make it reasonable to suppose that there is very little more still to be learnt, and certainly nothing more that is of critical importance. Finally, Mr. Winston Churchill's second volume deals exhaustively, and I think candidly, with the initiation of the Dardanelles venture, its woeful beginning and its final disaster. In these three volumes, then, we have the explanation of the paradox set before my readers in my opening sentences. We now know why though no German shipping was afloat within a few days after the declaration of war, and though every neutral ship able to supply Germany, directly or indirectly, went under our hands and in addition brought with it information making it perfectly plain what was the destination of its cargo,—so that in effect the Blockade, as a naval operation, was perhaps the most skilfully carried out of all our naval operations, the transport of the armies alone excepted—yet, in spite of this perfect efficiency, the Germans got quantities of food and metal which meant, on the one hand, three years' rations for a million men, and on the other, the supply of raw material necessary for the 1917 and 1918 submarine campaign. We know now, too, why a purely military operation, to wit, the seizure of a defile and the task of making it available for the transport of armed men in ships was attempted by purely naval force. And, finally, we have set out with a completeness that leaves nothing to be desired, the doctrine of war which decided the commander of a fleet sixty percent more powerful than his adversary in number and one hundred percent more powerful in gun fire twice to decline action when action was offered to him, and once to decline even looking for his enemy, when the place and the

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hour of his whereabouts had been communicated to him hours in advance.

The three books, then, show us three several ways of misusing sea power. Given the limitations voluntarily imposed by the Declaration of Paris, and by the adoption of the abortive Declaration of London, the actual throttling of enemy trade was complete. Admiral Consett tells how the work of the navy was deliberately thrown away by diplomacy. Here sea power was rightly used and its fruit abandoned. At the Dardanelles the fleet was put to the wrong purpose, because its technical chiefs did not know the technical limits of its weapons. At Jutland the fleet as an instrument of war was not used at all. Its commander declined to use it because he had made an arbitrary rule to himself that there was a certain kind of risk, distinct from all other risks, and that this kind of risk must in no circumstances be faced. It is true it was a risk which everyone had for twenty years known to be a risk inseparable from sea fighting. Its altered dimensions had been analyzed and canvassed incessantly since the invention of the hot air torpedo had given the underwater weapon a new scope and flexibility. But in the eyes of the Commander of the Grand Fleet in 1916 it remained one that it was not his business to minimize or thwart, but, in all circumstances, simply to avoid. Since it was certain that it was a risk any resolute enemy would make him face, it almost seems as if Lord Jellicoe had, from the first, never intended to go into action at all. He would fight only if some extraordinary situation should arise in which the risk would seem to be non-existent. However this may be, Jutland shows us that sea power failed, because the only condition of using it on that day was not recognized to be a universal condition. From these general principles let us pass on to examples that the three several authors give us.

Admiral Consett's "The Triumph of Unarmed Forces" makes short work of the theory with which some of us comforted our readers in the early years of the war. This theory, it may be remembered, was to the effect that no real blockade of Germany was possible so long as the United States put obstacles in the way of our using our sea power in the manner we could have used it were American opposition removed. No doubt there were moments of friction, and indeed of heated friction, between Whitehall and Washington. But these lawyers' arguments did not deal with the realities of the situation. The disillusioning

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truth is this. In pre-war days Germany used to get about 250,000 tons of food a year from Scandinavia; Great Britain's share at the same period was about 100,000 tons a year larger. But in 1915–17 the Germans nearly doubled their pre-war imports and Great Britain's imports fell to about half. Instead of getting some 1,400,000 tons Great Britain got 600,000 tons, and instead of getting 750,000 tons the Germans got 1,500,000 tons. Our enemies further got 13,500,000 tons of iron ore. The argument was that unless Great Britain were friendly and nice to Denmark and Sweden and Norway, our own supplies would be cut off. So we allowed the Germans to double their former rations and we put up with one-half of ours. But this of course is far from the complete history. We were not merely complacent onlookers. These priceless cargoes were sent into our enemy's territory only by our direct help. Danish farming and the Swedish ore trade were both entirely dependent upon what we either supplied or let through. In Denmark the farming industry is carried on as a manufacturing business. That country imports fodder and fertilizers and produces eggs, butter, milk, cream cheese, and all forms of pork. The railways, the shipping, the manufacturers and the public services of Denmark, Sweden, and Norway are entirely dependent upon British coal. If, then, we are to see the real origin of the food and ore sent to Germany we are to find it not in the inefficiency of our blockade, nor in the tantalizing opposition of a greedy but powerful neutral, but in the fact that Great Britain supplied the Scandinavian countries with over 19,000,000 tons of coal and 3,500,000 tons of fodder, —the raw material of the food and ore that Germany received. It is unnecessary to go into lesser details.

What is the explanation of this singular story? It appears to be simply that the British Foreign Office was fooled. The Foreign Office started with the assumption that Denmark and Sweden were friendly and neutral. It overlooked the fact that Denmark had mined the Little Belt against us and Sweden the only channel by which we could use the Great Belt. Denmark and Sweden, and not Germany, had closed the Baltic against us. How any public department with the faintest conception of the meaning of war could have accepted such acts as matters of course, as acts that left the character of the nations responsible for them unaffected, is a mystery. Our subsequent dealings with the two countries were on a par with the opening moves.

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By a pact of the three kings, Scandinavia decided at the very outbreak of hostilities to publish no trade returns of imports and exports while the war lasted. As all the imports came from over-seas, and as without them there could be no exports overland, this decision might have seemed as little friendly as mining us out of the Baltic. But it only made the Foreign Office more pathetically anxious not to offend. When we mildly objected to Germany being supplied with a lavishness we did not share, the answer always came back that Denmark and Sweden were under threat of German invasion. Unless we helped them to remain neutral, it was said, they would have no choice but to yield to their overwhelming and quite unscrupulous neighbor. They would become, that is, open enemies. It never seems to have occurred to Sir Edward Grey or to his advisers that if Germany invaded and seized Denmark and terrorized Sweden into an alliance, either it would fall to Germany to supply the fodder and coal that Denmark and Sweden needed, or she would have two more starving and useless countries on her hands, instead of two rich sources of supply. Neither Denmark nor Sweden would have added to Germany's man power; indeed, it is certain that their frank and open partnership would have been a tax upon it.

The subject, however, had never been a matter of debate or consideration in times of peace. Admiral Consett does not suggest that even during the war it ever came before the Committee of Imperial Defense. It is obvious enough now that the Foreign Office never had—probably it never sought—the guidance of military principle. Once America had come in the thing became simple enough, not because American supplies did not reach Scandinavia, but because British supplies were stopped.

The moral to be drawn from Admiral Consett's book is clear enough. War is not merely a state of things under which ordinary principles of government and normal peaceful intercourse between peoples come to an end. It is a state of things created by the importation into national and international life of new factors altogether. The use of naval and military force demands a science of dynamics, the principles of which are just as inexorable as those of any other applied mathematic. If a nation has to conduct its affairs under the influence of these laws it certainly will not use force to the best effect unless its whole policy, internal and external, is rigorously squared with the new dynamics at work.

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In Mr. Churchill's volume we have a classic account of a classic inability to realize what is meant by sea force and land force, or to distinguish a military from a naval operation. The origin of the Dardanelles expedition is in a sense even more extraordinary than its development. In the autumn of 1914 we were all wondering what could be done towards establishing a southern front against the Central Powers. Between the British and the Russians in the Black Sea there interposed the Sultanate of Turkey. Serbia, fighting single handed against Austria, was cut off from succor by neutral Bulgaria and neutral Greece. The problem was, by force or diplomacy, to bring Greece, Bulgaria and Rumania to the Allied side, or at least out of the Allied way. If England and France joined hands with Russia the whole strategic position would be revolutionized. The situation was of course complicated by the certainty that Turkey would have to be defeated. How far the escape of the *Goeben* in the first week of the war was decisive in making Turkey an ally of Germany and Austria has already become apparent from the works previously published. The defeat of Turkey, therefore, and the defeat of Turkey before Bulgaria had decided to join the Central Powers, was a necessary preliminary to the desired result. There had been negotiations with Greece and negotiations with Rumania. At one time it looked as though, with the promise of reasonable compensation out of the Turkish Empire, the Greeks would be willing to send sufficient well-equipped divisions to Gallipoli to make,—with such added help as England and France were willing to give,—the seizure of that peninsula a comparatively simple thing. While this project was still in the air Lord Fisher drew up a flamboyant memorandum, an item of which was that simultaneously with these military operations a British Admiral was to force the Dardanelles with a fleet of pre-dreadnought battleships.

According to Mr. Churchill the coöperation of Greece was declined by Russia. Whether Great Britain and France brought any pressure to get the Tsar's Government to reverse this curious decision is not stated. With Greece out of the picture the whole plan was, of course, abortive. But the fourth item of Lord Fisher's program struck Mr. Churchill's vivid, but wholly uninstructed, imagination. If, as part of a military operation, Admiral Sturdee could force the Dardanelles, why could not battleships force them without a military operation at all?

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Quite early in the war Mr. Churchill had told the Archduke Nicholas—though apparently without technical authority—that the British fleet could enter the Baltic when it liked. Now he telegraphed to ask if the Grand Duke's southern forces might not be assisted by the British fleet in the Sea of Marmora. The Grand Duke welcomed the proposal with enthusiasm, and the Admiral commanding in the Mediterranean had a question put to him to which only one answer was possible and only one answer was expected. The question was "Do you consider the forcing of the Dardanelles by ships alone a practicable proposition?"

The question of ships engaging forts had given rise to a naval literature of its own and the verdict of history was against the probability of success. But in August, 1914, the French, second to none as masters of military science, discovered abruptly and to their horror that the forts on which they, no less than their Belgian neighbors, had relied with some confidence, did not delay an army supplied with modern artillery by more than a few days. Liège, Antwerp, Namur went up as fast as the Skoda batteries were brought against them. What special study the British navy had given to the question since the Japanese had tried their strength against Port Arthur, I do not know. It is exceedingly unlikely that Admiral Carden had ever given the matter a thought, and it is still less likely that amongst his officers there was one equipped by staff training to give an opinion of value. Had the war staff created by Mr. Churchill in January, 1912, ever considered this problem or drawn up any plan for dealing with it? I imagine that it had not, and for the simple reason that when Admiral Carden guardedly replied that he thought it could be done by gradually subduing one fort after the other, this crude plan, according to Mr. Churchill, produced a great impression upon everyone. It was, he tells us, "an entirely new proposition," and he goes on to say "that no one at any time threw the slightest doubt upon its technical soundness."

There can only be one explanation of this helpless surrender to the Carden plan. It must have been assumed that the naval guns would treat the Dardanelles forts as the Austrian howitzers had dealt with the monuments of Brialmont's misguided genius. Not otherwise could the teachings of all history stand so summarily ignored. For up to this date a naval bombardment on land forts had proved the feeblest and most futile thing in the

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world, and it had proved so for a very obvious and simple reason. The great desideratum of the naval gun is a flat trajectory. The naval gun is built to give the highest possible velocity. Its shell needs high penetrating power. The pace of the projectile facilitates hitting, and, against a ship, secures the most damaging hit. But the French and Belgian forts had yielded to quite a different kind of artillery. Between the howitzer and the naval gun there is exactly the difference there is between the niblick and the driver. The howitzer throws a shell to the greatest possible height so as to make its fall as nearly perpendicular as possible. With the howitzer you do not aim at the enemy's gun, you aim so that your shots will fall on the other side of the bunker which the enemy has interposed between the gun and you. You want your shell to drop into and burst inside the fort. In bursting it will kill the gunners and in all probability dismount the guns. But however accurate the fire of your naval gun, so long as it hits the fort only it can do no harm at all. Either it does not penetrate the front parapet, or if it clears the parapet it expends itself harmlessly in the rear. Unless the fire is accurate enough to make a direct hit it can go on for hours and days; it will make the fort untenable and the guns unusable while it continues, but once it is over the guns probably will be still intact and as ready for use as before. Like Landor's enchanting maiden, they are "up again as blithe as ever."

In other words, to ask naval guns to destroy forts is to put them to a test of accuracy that no other gun is ever put to, nor the naval gun itself in normal naval usage. And these elementary considerations should have made it obvious to anyone familiar with the rudiments that there was only one condition, which, if it existed, would make for the success of the modern ship where its predecessors had failed. That condition was the attainment of a decree of accuracy at some great range that had never yet been attained at short ranges.

The attempt, as we know, failed, and Mr. Churchill in his eleventh chapter summarizes the causes of failure with perfect lucidity. It was not possible for the ships to go through the narrows without passing over two Turkish mine fields. Those mine fields could not be swept until the batteries of light guns protecting the mine fields from the sweepers had been destroyed by the big artillery of the ships. But these batteries could not themselves be seen at any great distance, as they were small

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marks. To destroy them, therefore, the ships had to close to what are today considered quite short ranges. And the ships could not close so long as the enemy's big artillery in the forts could operate. So it was a necessary preliminary, not to silence the forts only, but to dismantle their guns. This, as we have seen, called for a meticulous accuracy of aiming that under any conditions would have taxed both the fire control parties and the gun layers to the utmost. It was an operation which with the instruments in use could be carried out, if at all, only when the ship was moored and stationary. But the ships got no chance of staying moored. The Turks had several batteries of mobile howitzers, which, while useless against a moving target, could find the exact range of one stationary in five or six minutes at the most. Consequently no sooner had a ship got to work on any given fort than its position became untenable owing to howitzer fire.

All of this could of course have been foreseen, and should have been. But even had it been foreseen, it is doubtful if, in 1915, there was a soul on the war staff or in the gunnery branch at Whitehall who even knew that the problem of keeping the range under helm had actually been solved. But whether known or not known, no effort was made to equip the ships for this necessary facility—with the results we know. Thus, the Dardanelles Expedition failed for reasons inherent in the means supplied for the use of the weapons to be employed.

The failure unfortunately did not end with itself. It warned the Turks—and made the military effort fail too. The tragedy of this has long been made familiar to us from Sir Ian Hamilton's diaries and other publications. Thus, the misuse of sea power involved not only a humiliating naval failure but a long drawn out agony of fruitless military endeavor that cost Britain far more heavily in men than it cost the Turks, and brought down the prestige both of our land and sea forces at a time when prestige was vital.

But it is only fair to Mr. Churchill to say that he must be acquitted of having overborne his naval advisers. Lord Fisher, Sir Arthur Wilson, Sir Henry Jackson—any of them could have stopped the thing by declaring it impracticable. But none of them knew the rudiments of gunnery. Mr. Churchill had surrounded himself with the oldest and therefore the least experienced of councillors. The nation paid the price.

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Sir Julian Corbett narrates the events that led up to the engagements off the Jutland Coast in 1916, and the story, admirably told, need not be summarized. Suffice to say that on May 30, 1916, both the British and the German fleets set out to sea, each thinking that a section of the enemy's forces might be met, the British hoping to meet the whole of Germany's, the Germans ready for the emergency if they met the whole of the British force.

The history of the first part of the engagement was known in all its essentials before Lord Jellicoe's book on the Grand Fleet, 1914–16, appeared. But this volume gave us our first authentic information as to the actual movements of the Grand Fleet and the principles that dictated them. Till then, while ignorant of the details, we knew no more than what Lord Jellicoe's despatch and apology had told us. The despatches said briefly that the Germans had repeatedly "increased the range under cover of torpedo attacks." Lord Jellicoe's book took the matter further; but it was, necessarily, incomplete. No track chart of the action was given, no German information was available.

The interest of Sir Julian Corbett's third volume naturally lies in the light thrown on the points left obscure by Lord Jellicoe. The text throughout must be studied with the plans. For Sir Julian is a frank apologist. He was commissioned to write a history of the naval war quite soon after August, 1914. He had been for nearly ten years a lecturer at the War College, not only on naval history, but on the science of naval strategy. He was a follower of Mahan, and his theory of naval strategy was that adopted by the British Admiralty and instilled into our commanders during the whole period of the domination of the Fisher school, that is between 1904 and 1914. The theory is well stated in Admiral Consett's book. It runs somewhat as follows: "The fleet has an offensive and a defensive purpose to fulfil. Its offensive purpose, direct and immediate, is to destroy the enemy fleet. But this is only a means to an end. The real end is to attack the enemy's commerce and to protect our own. If then the enemy's fleet can be confined and our fleet preserved, the enemy's fleet is as useless as if it had been destroyed." "Thus," continues Admiral Consett, "having gained its objective, the victorious fleet is in a position to reap the fruits of victory."

By this he means that if one fleet is confined, and the other keeps the sea free for its own commerce and denies the sea to

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that of the enemy, then that latter fleet is "victorious." It will be seen that it follows logically from this theory that if a fleet is so large and well protected that it is unlikely to be attacked and cannot be defeated, then its function in war is undistinguishable from that of a fleet which has in fact fought and destroyed the enemy's force in battle. How is it possible to exaggerate the heretical character of a doctrine that teaches that victory is not in itself the end, but only one of the means by which the true purpose of armed force can be attained? There are passages in the earlier works of Mahan that encourage the view that this theory is correct. That Sir Julian Corbett consciously or unconsciously held it can hardly be doubted. It is apparent in the opening chapters of his first volume. It is the whole justification of his third. His story therefore of the conduct of the Grand Fleet on May 31 and June 1 is a frank justification of the Commander-in-Chief's tactics.

But if he cajoles his readers into accepting his views, they have only themselves to thank. For in Sir Julian Corbett we find a dual personality. He is at once the wholehearted advocate of the "safety first" doctrine, and the historian, rigidly loyal to a true statement of the facts. Of course to get the historian you go to the plans, and to get the advocate you read the text. Needless to add, in the conflict between the two it is the advocate that goes to the wall.

Indeed so obvious is this that I am almost surprised to find that the Lords of the Admiralty have found it necessary to add a prefatory note. It runs as follows: "The Lords Commissioners have given the author access to official documents in the preparation of this work, but they are in no way responsible for its production or for the accuracy of its statements. Their Lordships find that some of the principles advocated in the book, especially the tendency to minimize the importance of seeking battle and of forcing it to a conclusion, are directly in conflict with their views."

Was this warning really required? I should have thought that the discussions of the last five years, no less than the obvious and deplorable results of the escape of the German fleet, would have rendered any such reservation unnecessary, especially as Sir Julian's advocacy is, one cannot help thinking, almost its own confutation. It is too enthusiastic; one wonders if the whole defense is not a masterpiece of irony.

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In examining his account it is possible to omit reference to the opening phases. The real story begins when the Battle of Jutland ought to have begun, but did not. The opening shots were fired shortly before 4 P. M. on May 31; two hours later the battle cruisers, assisted by the four "Queen Elizabeth" battleships under Evan Thomas, made contact with the scouting cruisers of the Grand Fleet. At 5:54 Beatty could see the leading battleships of the Grand Fleet four miles due north of him. He was heavily engaged, and at once altered course from north to east so as to keep ahead of the Grand Fleet, which he confidently expected to deploy promptly into action astern of him. For five minutes he was crossing Lord Jellicoe's front, fighting with all his guns, and his three surviving battle consorts following him in close order. But the battle fleet, instead of deploying, came on in its old formation at right angles to the battle cruiser course.

The first problem that presents itself is, what could Lord Jellicoe have done? The information he had up to then had made him expect the battle cruisers and the German fleet straight ahead. In fact he met them some miles off on his starboard bow. His fleet was formed into three parallel columns with eight ships in each column. It was a formation that lent itself to the most rapid forming into single line to port (left) or to starboard (right) as circumstances might require. He had expected the enemy to be in front of him or to his left. He met them on his right. Both the *Lion* and the *Iron Duke* were out of their reckoning. It is luck that the error was not larger. Lord Jellicoe could not see the enemy; he could only see the battle cruisers in action. His first instinct, Sir Julian tells us, was to deploy on the starboard wing. This would mean that the leading ships of his right-hand column would go ahead and follow the battle cruisers. The battle cruisers, as we have seen, were passing the Grand Fleet at right angles. It would have committed all the battleships to a considerable turn. The alternative was to lead the fleet himself from the center column, the squadrons on his right and left following in behind, as they could. Either maneuver would have brought the fleet at once into action. He could have adopted either; but he could not make up his mind at 6:02; nor yet at 6:08; and at 6:14 enemy shells seemed to be falling between his right and center columns.

If he deployed to starboard now the turn would have to be

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greater than if he had deployed at 6:02. He suspected the enemy's battleships to be within 15,000 yards. He knew that his ships could neither find nor keep the range when under helm. A starboard deployment, therefore, would mean that the squadrons first going into action would, for several minutes before they could reply, be passive targets for the enemy's fire. Nor was this by any means all, nor the worst. For if the range was no greater than he expected, the turning point on his right might be made the focus of torpedo attack as well. To deploy from the center was a maneuver the British fleet had apparently never practised. Lord Jellicoe thought it too complicated a one to experiment with under fire. He accordingly ordered a deployment to port.

The effect of this was to take the Battle Fleet not into action, but out of it. In less than a quarter of an hour there was not a single British battleship within range of a single German. Beatty, who had been joined by Hood's three battle cruisers, in an effort to hold the Germans to their position had closed down on to the head of the German line and lost the *Invincible*. But his was a fruitless sacrifice, for the Grand Fleet was already out of sight.

In the present writer's "British Navy in Battle" the episode of the Grand Fleet's deployment was dealt with in complete ignorance of the tactics adopted by Admiral Scheer. It was said there that had Lord Jellicoe deployed on Beatty, the German Admiral could have had no alternative but to turn his fleet together and break off action. For sixteen battleships aided by five battered cruisers in the van and six obsolete pre-dreadnoughts in the rear, to engage twenty-eight battleships and seven battle cruisers in an artillery duel under equal conditions could of course spell nothing but annihilation, especially when it is borne in mind that two-thirds of the British ships were armed with heavier guns than any of the German ships and some six or seven fired shells of more than three times the weight of those used by nearly half the German fleet. It was further stated that had such a turn been made the relief could only have been momentary. The reply to it must have been as crushing as the situation from which escape had been sought.

Sir Julian Corbett tells us that this maneuver of turning the fleet together was one that the Germans had studied and practised with the utmost assiduity. That they would do this, he

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further tells us, was perfectly well known to us. If this is true, it is singular that Lord Jellicoe neither alludes to this knowledge in his own account of the action, nor (though Scheer adopted the maneuver twice) anywhere says that it was expected or detected by him on either occasion. It is singular, too, that no counter stroke had been devised. The effect of Scheer's turn and Jellicoe's surprise at 6:30 was to leave the whole British fleet up in the air. The Grand Fleet had deployed away from the enemy; the battle cruisers had closed on the enemy; thus the two divisions of the British forces were out of sight of each other. As Scheer had turned his fleet sixteen points away to the west, both divisions of the British fleet were now out of sight of the enemy too.

Up to this point, it will be perceived, there had been no battle at all. But, as the historian reminds us, there was still an hour to sunset and in this high latitude the twilight should be a long one. There was still time to reform the fleet, still time to look for an evasive enemy. Lord Jellicoe accordingly—and quite correctly—turned his fleet to the south by divisions and proceeded to interpose himself between Scheer and his base. But Scheer had not the slightest intention of leaving the initiative to his opponent. He knew that in any fight on equal terms his fleet would be crushed. He had to save his fleet, and he decided to save by attacking. There followed one of the finest instances of the offensive defensive known in naval history.

All our military writers seem agreed that the retreat of the British from Mons to the suburbs of Paris in the last days of August, 1914, was a feat of arms equal to anything ever achieved by the British army in the past. The candid historian cannot be less eulogistic in dealing with the leading of the German fleet between 6 and 7:30 o'clock on May 31, 1916. It adds a new classic to the records of a lesser force shaking off a greater, not by flight, but by fighting. Scheer has given his own account of his tactics, and though Sir Julian Corbett treats the story as a bluff, it is difficult to distinguish between the Admiral's statement of his intentions and Sir Julian's account of his performance. Like all great conceptions it was exceptionally simple. Scheer believed that he had penetrated his opponent's mind. If he was to escape at all he must disorganize his enemy, even if he had to risk a considerable part of his force to do it. Having turned sixteen points to avoid him at 6:30, he turned a like

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amount back again shortly afterwards. His first turn had been made under cover of torpedo attack; the destroyers that were at the head of the line at 6:30 were now at the rear. When he reversed his course again they were again in the lead. Suddenly, shortly after 7 o'clock, the whole of the Grand Fleet came into his view. The fleet was in divisions of four ships in echelon formation. To the Germans it must have looked like a solid semi-circle of ships straight ahead of them. By 7:08 half of the Grand Fleet had opened fire. Four minutes later the destroyers were sent in to attack, and in support of the destroyers the battle cruisers were ordered not only to attack with their guns, but "to charge and ram regardless of consequences." Sir Julian Corbett tells us it was an axiom with the British leader that such an attack should be avoided. Had Scheer, remembering Admiral Moore's escape from court-martial in January, 1915, concluded this was so? Lord Jellicoe estimated, and estimated correctly, that the torpedoes would reach the British lines shortly after 7:20 and he accordingly made a general order to the fleet that it should turn away to port to avoid them. Whether Scheer counted on this or not, his order to his own fleet to turn once more was given before the British turn was actually made. So between 7:23 and 7:30 this singular spectacle was witnessed. The German fleet was going full speed in the direction of Scotland, the Grand Fleet was heading straight for Norway. They never saw each other again. Thus the Battle of Jutland, which should have been begun at 6 o'clock, and could have, but was not opened at 7:20, did not take place on May 31 at all.

Sir Julian Corbett has, of course, a defense for Lord Jellicoe at every step of the proceedings, and if the theory of war on which Lord Jellicoe acted is the right theory, then his defense is a valid defense. What Lord Jellicoe's theory was the Admiralty had known at the very beginning of hostilities. He was perfectly willing to fight the Germans to a standstill if he met them with exact knowledge of their position, speed and course, and could deploy his own fleet into a formation parallel to them, at a range which would make interference by the destroyers impossible. As to the destroyer menace he had but one answer, and that was to avoid the torpedoes by turning away from them. It meant, in other words, that if the Germans kept their destroyers ahead of their battle fleet he would never engage at all.

The alternative of forming his fleet in half or quarter divisions

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in line ahead and closing the torpedoes directly on their course never seems to have been considered. Was it ever suggested that in no circumstances could torpedo attack threaten the whole line, so that on the assumption that the turn away was obligatory, only that part actually menaced need have been taken out of action?

Whatever the answer, the final application of the rule was on the morning of June 1. That the German fleet would return by the Horn Reefs was known to the British Admiralty long before midnight. The information was wirelessed to the Commander-in-Chief, but as such a return had been fully expected, and to some extent provided for by laying a mine field on the Danish coast, Lord Jellicoe hardly needed a reminder. In the night, however, he lost contact with his destroyers. As daylight approached, instead of crossing to the Horn Reefs to look for the enemy he took his fleet on a northerly course looking for his own destroyers. The last chance of meeting and defeating the enemy was gone. At 4:15 in the morning he learnt that what the Admiralty had warned him of on the night before had actually taken place.

For once Corbett allows himself two comments, as sound as they are human: "The Commander-in-Chief saw too plainly the bitter truth that there was now no possibility of recovering the lost chance of the vital hour when he had first caught his skilful adversary unawares, and the latter, aided by misty conditions, had effected his escape." Scheer had in fact passed the Horn Reefs at 3:30. Again it is hard to better Sir Julian's comment: "That after being surprised by the concentrated Grand Fleet he had so carefully drawn his head out of the noose, and with so much success to his credit, was enough to enroll his name high upon the list of fleet leaders."

It is useless now to speculate on what must inevitably have happened had the German fleet been annihilated. Admiral Consett, with the natural loyalty of a British sea officer, early in his book asks anyone who doubts that the British won the Battle of Jutland to consider what would have happened had the Germans won it. It is a sufficient answer to say that as there was no Battle of Jutland, there was no victory to either side. But had there been a victory something would have happened. General Ludendorff gives at least one result which must have followed. "Had England," said the General, "won such a

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victory, she would have made it impossible for us to import iron ore from Sweden and the submarine warfare could never have assumed the proportions so dangerous to herself."

If we look back at these three volumes, it is impossible, I think, to resist certain conclusions. It will be noticed that no one in January, February, and March, 1915, was aware of the limitations imposed on the ships by the kind of fire control which they possessed, so that no one realized that the task they had been set in the Dardanelles was completely beyond the power of the fleet. Yet the whole of Lord Jellicoe's Jutland tactics are based upon a haunting fear of the very disability which the Admiralty did not recognize eighteen months before. He was willing to fight at 15,000 yards, and at 15,000 yards only, because in the fleet battle-practices at this range a reasonably good artillery technique had been developed. But it was a development efficient only against a slowly moving target unable to maneuver and when no maneuvers were imposed on the firing ship. At any shorter range than 15,000 yards the enemy torpedo would at any moment make maneuver obligatory. At 6:14 Lord Jellicoe could not deploy his fleet into action because it would mean deploying on a turn. His artillery would be out of action. No doubt the real reason why the turn towards instead of the turn away from the torpedoes was never considered was that it, like the turn away, would make the artillery useless. Now why had this not been foreseen? Why, when the means for making gunnery helm free were available, were they not adopted? The answer is simple. If only the fleet were large and strong enough there was no danger of its defeat. If an undefeatable fleet, strong enough to frighten its opponent into inactivity, was undistinguishable from a fleet that had destroyed its opponents in battle, there was no need to face the painful business of fighting at all, nor to think out what was implied in being ready for it. Mr. Churchill's candid story of the attack on the Dardanelles and Sir Julian's no less candid story of the engagement of Jutland show that the British navy went into war and conducted the war for two and a half years under the inspiration of wholly false doctrines and under the handicap of the kind of administration which false doctrines breed.

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THE BESSARABIAN DISPUTE

The controversy between Russia and Rumania over the ownership of Bessarabia (a border province of rather more than 17,000 square miles lying on the Black Sea to the west of Odessa and bounded by the rivers Pruth and Dniester) has done more than prevent the restoration of friendly relations between the two claimant nations. By refusing to consent to Rumania's annexation of Bessarabia the Bolshevists have been able to strengthen their position as defenders of the national integrity of Russia. Further, as a direct result of her dispute with Russia, Rumania's two partners in the Little Entente—Jugoslavia and Czechoslovakia, both of them Slavic—have been unwilling to commit themselves unreservedly to a defense of Rumanian policy, with a consequent weakening of the friendly ties which those three states had formed in order to present a united front against attempts to restore the Hapsburgs in Hungary.

The outbreak of the Great War produced in Rumania a wide divergence of opinion as to the most advantageous course for the country to follow. Both the Allies and the Central Powers offered Rumania territories which were not theirs but which they hoped to control as a result of victory. Austria-Hungary promised her Bessarabia if she would stick by the Triple Alliance, to which she had been a party for thirty years; the Allies talked of Transylvania, the Banat and Bukovina. Those Rumanians who above all desired to free Bessarabia from Russian control and restore it to its former union with Rumania (it having been a part, until the year 1812, of the tributory Turkish principality of Moldavia) believed that Rumania should promptly cast in her lot with the opponents of Russia and reap the proffered reward. Against these partisans of Austria-Hungary were concentrated many of the Rumanian intelligentsia, who believed that eventually the Allies would win and who thought it poor policy to forego so promising a chance of securing the freedom of the large Rumanian populations under Austro-Hungarian rule.

The early history of Bessarabia may be recapitulated in a few sentences. Trajan's conquest of Dacia in the second century did not extend to Bessarabia, though Rome's influence was felt along all the coasts of the Black Sea. Successive invasions of the Goths, the Huns, the Slavs, the Lombards, the Avars, the Bulgars, the Magyars, and the Tartars swept westward across Bessarabia from the second until the thirteenth century. In the fourteenth century Rumanian elements began penetrating the country from the west and northwest, and the Moldavian ruler Stephen the Great incorporated practically the whole province in his dominions. After Stephen's death in 1504 Suleiman the Magnificent added southern Bessarabia to his empire,

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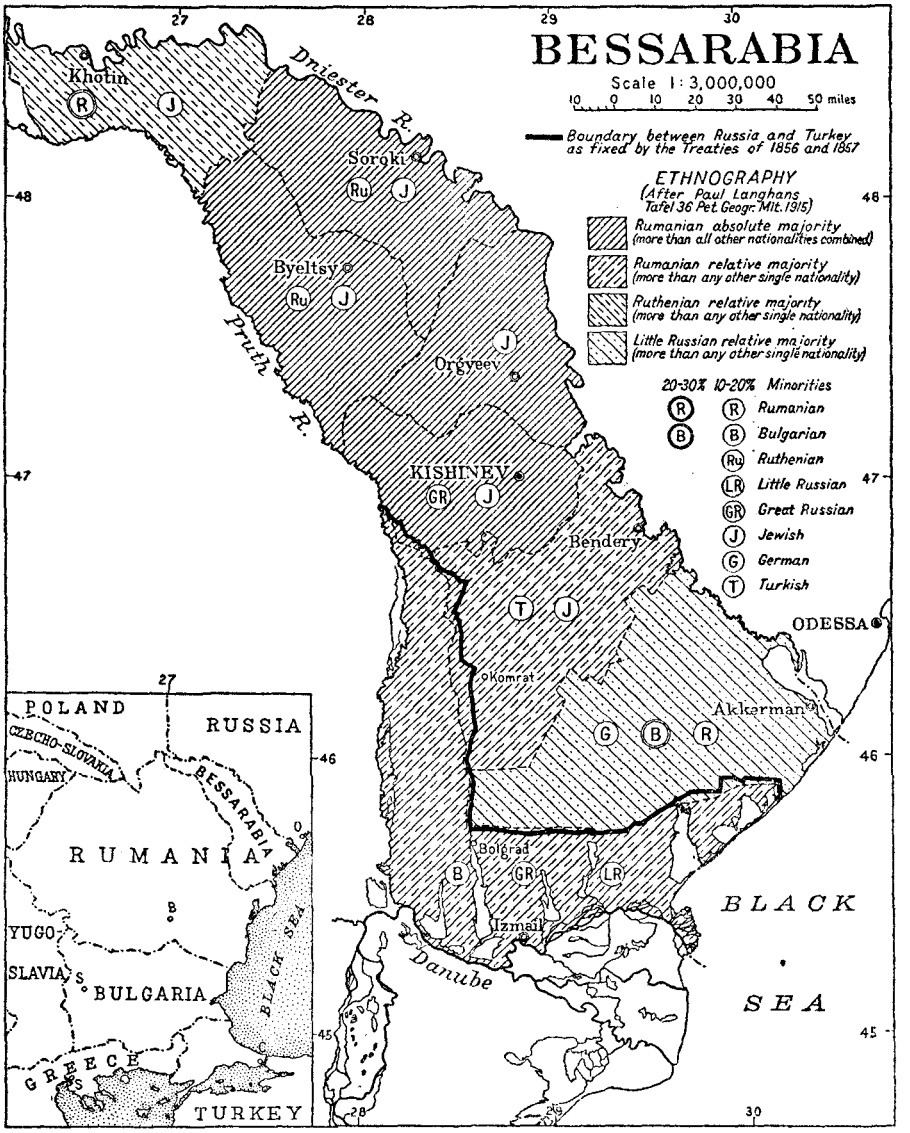
and during the succeeding two centuries the province was often the battle-ground of Russia and Turkey. In the course of the war which broke out between Russia and Turkey in 1806 the Russian armies occupied most of Moldavia, and by the treaty which Alexander I



concluded with Turkey on May 28, 1812, Moldavia was divided into two parts, the eastern part, known now as Bessarabia, passing to Russia.

When Russia annexed Bessarabia she at first allowed the inhabitants to retain much of their local administration and many of their local

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laws and customs. Bessarabia was definitely cut off, however, from close contact with the main part of Moldavia lying to the westward across the River Pruth; and in southern Bessarabia, where the population was already extremely mixed, Russia took steps to encourage the immigration of compact groups of Russians, Bulgars, Germans, etc., in order to aid the economic development of the country and possibly also to bring about its denationalization.

After the Crimean War a new frontier was drawn between Russia and Moldavia, the powers forcing from Russia the cession of the southwestern districts of Bessarabia, less with the aim of favoring Moldavia than of pushing Russia back from the Danube. This readjustment lasted only twenty-two years. (During this period, in 1861, the union of Moldavia and Walachia in the Rumanian nation was recognized by the Powers.) When Russia declared war on Turkey in 1877 Rumania did not oppose the transit of Russian troops across her territory and in return received a promise that the "integrity" of Rumania would be respected at the end of the war. Russia seems not to have considered that this promise included Rumania's possessions in southern Bessarabia, and although Rumanian troops had assisted considerably toward the success of the Russian arms, Rumania found her delegates ruled out of the Congress of Berlin. Although she was given the province of the Dobrudja by way of compensation, she was definitely deprived of southern Bessarabia.

For the next twenty-five years Bessarabia remained a province of Russia. The peasantry, mainly Rumanian, were almost wholly illiterate. Such of the middle class as were of Rumanian blood gradually became more or less Russified, and many of the great Boyar families, as a result of their official connections with St. Petersburg, became partisans of the Russian régime. Historians have pointed out that it was probably only the Tsarist Government's chronic dislike of popular education that saved the Rumanian peasantry from compulsory Russification. According to the Russian census of 1897, the province had a population of about 2,000,000. Of them Rumanians numbered 47.6 percent; Russians and Ukrainians (Little Russians and Ruthenians) 27.8 percent; Jews 11.8 percent; Bulgars 5.3 percent; Germans 3.1 percent; and Turks 2.9 percent. Rumanians usually claim that their co-nationals in Bessarabia number as high as 70 percent of the population. Probably the actual figure lies between the Russian and the Rumanian estimates.

The Russian Revolution of 1905 introduced a new era in Bessarabia. Rumanian—or, as it was at first called, Moldavian—propaganda began to be carried on openly, nationalist organizations were formed, and a few newspapers were published in the Rumanian language. But as the vast majority of the Rumanian Bessarabians were peasants, and

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as the city populations were mainly Jewish and Russian, the agitation was not very effective.

When on October 27, 1916, Rumania finally declared war on Austria Hungary, she became indirectly the ally of Russia. Rumanian arms did not, however, meet with much success, and a large part of the country was occupied by the troops of Field-Marshal Mackensen. In March, 1917, occurred the Russian Revolution. In that same month the central committee of a Moldavian National Party was formed at Kishinev to work for Bessarabian autonomy. No demand was voiced, openly at any rate, for union with Rumania. The prospect (which seems to have been at first widely entertained) of coöperation in a Russian federative republic was dispelled by the declaration of the Ukraine in August that she considered Bessarabia to be included in her territory. Activity for autonomy turned into activity for independence. The disorganization resulting in all parts of Russia from the advent of the Bolshevists to power was heightened in Bessarabia by the refusal of the new rulers at Moscow to recognize the National Committee as representative of Bessarabian proletarian opinion. In October, 1917, the military committee of Kishinev summoned a congress representative mainly of Bessarabian military units, totaling, it was claimed, 300,000 men; 989 delegates assembled on October 20, and forthwith, following the example of other border territories of Russia, proclaimed Bessarabian autonomy. A Supreme Council—the "Sfatul Tzarei"—was organized, 70 percent of the 120 members being Moldavians, 30 percent representatives of other nationalities. This "Sfatul Tzarei," of rather irregular and uncertain origin, seems to have been composed not only of delegates of the different soldiers' committees, but also of representatives of the Provincial Council of Peasants, together with a few professors and other intellectuals.

On March 27, 1918, the "Sfatul Tzarei" voted Bessarabia's union with Rumania. The action was taken on certain specified conditions, *viz*, the retention of provincial autonomy, provision for the rights of national minorities, and the continuation of the life of the assembly until such time as it should have elaborated a system of agrarian reform. The action was voted 86 to 3, with 36 abstentions,—in other words, practically according to national lines. Some of those abstaining desired a plebiscite, some a looser federative union with Rumania, some to retain independence and some to remain in federation with Russia. In the fall of 1918 a statute for agrarian reform was adopted by the assembly, all properties of over 100 acres being expropriated for division among the workers; forests went to the state. How far this statute actually was (or has since been) put into effect is uncertain. But in view of at least the formal adoption of this reform, and in view of the inclusion in Rumania of Bukovina, Transylvania

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and parts of the Banat (thereby reducing the preponderance of "old" Rumania in Rumanian national affairs) the "Sfatul Tzarei" decided on November 26 to make the union with Rumania unconditional. Only a third of the members were present when this action was taken. The next day the assembly was permanently dissolved.

While these events were taking place in Bessarabia, the fortunes of Rumania were in the balance. At the time of Kerensky's fall the Allied front from Bukovina to the Black Sea was held by 300,000 or 400,000 Russians and some 150,000 Rumanians. When the Bolshevists signed their armistice with the Central Powers, Rumania had to adhere to the armistice also. The Russian forces scattered, and the Rumanian armies at the front were reduced to about 100,000 by the dispatch of several divisions to Bessarabia. Rumania had no choice but to accept the terms of peace laid down by the Central Powers, and in the treaty signed at Bucharest on May 6, 1918, she relinquished the southern part of the Dobrudja to Bulgaria, certain important Carpathian passes to Austria-Hungary, and the northern part of the Dobrudja to her ex-enemies jointly, this latter provision cutting her off entirely from the Black Sea and establishing German and Austro-Hungarian control over the pipe lines leading from the Rumanian oil fields to Constanza. (The Central Powers expressed no objection to Rumania's taking Bessarabia in compensation.) Rumania was only saved from this fate by the subsequent victory of the Allies.

In March, 1920, the Supreme Council sent word to Rumania from Paris of its willingness to recognize the union of Bessarabia with Rumania, in the following terms:

"After taking into full consideration the general aspirations of the populations of Bessarabia and the Moldavian character of that region from the geographical and ethnographical points of view, as well as the historic and economic arguments, the principal Allied Powers pronounce themselves, therefore, in favor of the reunion of Bessarabia with Rumania which has now been formally declared by the Bessarabian representatives, and are desirous to conclude a treaty in recognition of this as soon as the conditions stated have been carried out. They consider that in this reunion the general and particular interests of Bessarabia should be safeguarded, more especially as regards its relations with the neighboring countries, and that the rights of minorities in it should be guaranteed on the same terms as those residing in other parts of the Rumanian Kingdom. The principal Allied Powers reserve the right to refer any future difficulties that might arise from either of these two questions to the arbitration of the League of Nations."

The Powers represented on the Supreme Council have one by one given final recognition to the union of Bessarabia with Rumania as provided in the Treaty of Paris, October 28, 1920. France, although the last to act (the Chamber voted approval March 11, 1924), has come in for particularly bitter remonstrances from Moscow. Commissar Chicherin telegraphed M. Poincaré on March 14 as follows:

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"The Government of the Union of Socialist Soviet Republics directs the attention of the French Government to the fact that the latter has identified itself with a violation of the rights of the population of Bessarabia and of the Soviet Union in the occupation of Bessarabia by Rumania, and it is therefore responsible for the losses caused the Soviet Union by this occupation. The Government of the U. S. S. R. will draw from this all necessary conclusions."

To which M. Poincaré replied:

"The French Parliament could only be guided by the same motives which guided the British Parliament in ratifying the treaty referred to on April 14, 1922, at which time this action was not considered an obstruction to the establishment of good relations between Great Britain and Russia. . . . In any case, Article 9 of the treaty provides that Russia should be invited to affix its signature. Thus the situation in relation to Russia may be regulated in the same way as was the case with the newly created independent states on her western frontier, in accordance with the principle of the self-determination of peoples, Russia always being the first to declare its adherence to this principle."

The statement of Commissar Chicherin accords with the repeated avowals of the Soviet Foreign Office that it will never recognize the justice or validity of Bessarabia's incorporation in Rumania. Several attempts to reconcile Rumanian and Russian interests have failed. Only this spring a conference at Vienna broke up, before it had really begun, when M. Krestinsky, the principal Soviet delegate, declared that unless Rumania would agree to a plebescite in Bessarabia other points at issue between the two countries could not even be taken under consideration. Rumanian spokesmen have steadily refused a plebiscite, noting that in the province's present state of economic depression, due to the war and the ensuing political disorganization, many might be found voting "against the government," not because they actually preferred Russia to Rumania but as a protest against the difficulties of their situation.

The reply of Moscow has been a revival of agitation for a "Moldavian Republic," to be composed of the Russian province of Podolia, Kherson (of which Odessa is the capital and in which there are few if any Moldavians), and Bessarabia, and to form a unit in the great Union of Socialist Soviet Republics. Another of Moscow's suggestions for the same region has been the creation of a Jewish state. The success of this agitation will depend on a number of factors,—on the amelioration of the Rumanian régime in Bessarabia and the improvement of economic and social conditions there, on the success of Russia's efforts to attract within her orbit other border states along the Baltic or in the Middle East, and on the solidity of Rumania's diplomatic and military ties with neighboring states and with the Great Powers.

H. F. A.

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SOME RECENT BOOKS ON INTERNATIONAL AFFAIRS

By Harry Elmer Barnes
Bibliographical Editor

General International Relations

THE WORLD STRUGGLE FOR OIL. By P. L'E. de la Tramerye. New York: Knopf, 1924, 259 pp.

An analysis of the relation of the raw petroleum supply to diplomacy and international relations.

INTERNATIONAL LAW DOCUMENTS: CONFERENCE ON THE LIMITATION OF ARMAMENTS. By the Staff of the Naval War College. Washington: Government Printing Office, 1923.

Documents relating to the Washington Conference on the Limitation of Armaments.

BRITISH YEAR BOOK OF INTERNATIONAL LAW. London: Frowde, 1924, 264 pp.

Contains valuable technical discussions of current problems.

RAW MATERIALS AND FOOD STUFFS IN THE COMMERCIAL POLICIES OF NATIONS. By W. S. Culbertson et al. Philadelphia: Annals of the American Academy of Political and Social Science, 1924, 298 pp.

A monograph by Mr. Culbertson followed by a miscellaneous symposium.

THE FREEDOM OF THE SEAS IN HISTORY, LAW, AND POLITICS. By Pitman B. Potter. New York: Longmans, 1924, 299 pp.

A study of the question from antiquity through the Washington Arms Conference.

LE DROIT INTERNATIONAL DU TRAVAIL. By A. Vabre. Paris: Giard, 1923.

A good history of international labor legislation, including the provisions of the Treaty of Versailles, with the conclusion that they are very inadequate.

SUPPLEMENT TO THE NEW WORLD. By Isaiah Bowman. Yonkers: World Book Company, 1923, 98 pp.

A valuable addition bringing Dr. Bowman's work up to date.

LE PROBLÈME DES MINORITÉS DEVANT LE DROIT INTERNATIONAL. By J. Lucien-Brun. Paris: Spes, 1923.

A competent discussion from a purely legalistic point of view.

THE NATIONS OF TODAY. Edited by John Buchan. Boston: Houghton Mifflin, 1923.

A comprehensive series on the history and economics of the leading modern states. Volumes on Great Britain, British America, France, Italy, Jugoslavia, the Baltic and Caucasian states, Japan and India have thus far appeared.

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TREATIES AND CONVENTIONS BETWEEN THE UNITED STATES AND OTHER POWERS, 1910–1923. Senate Document 348, 67th Congress, 4th Sess. Washington: Government Printing Office, 1923, 425 pp.

The official compilation.

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OUR FOREIGN AFFAIRS. By P. S. Mowrer. New York: Dutton, 1924, 348 pp.
An interesting and serviceable study of the problems and responsibilities involved in the position of the United States as a world power.

WAYS TO PEACE. New York: Scribner's, 1924, 465 pp.
Twenty representative plans submitted to the American Peace Award, with an introduction by Esther Everett Lape and a preface by Edward W. Bok.

COMMERCE YEAR BOOK, 1922. Edited by Julius Klein. Washington: Government Printing Office, 1923, 692 pp.
A descriptive statistical summary of foreign commerce and international exchange.

THE OIL TRUST AND ANGLO-AMERICAN RELATIONS. By E. H. Davenport and S. R. Cooke. New York: Macmillan, 1923, 272 pp.
A strong argument for the open door policy in developing the oil resources of the world.

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An historical and psychological analysis.

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A revision of a progressive manual, bringing it down to 1924.

GERMANY, FRANCE AND ENGLAND. By Maximilian Harden. New York: Brentano, 1924, 326 pp.
A pessimistic survey of the situation in Europe with a plea for international coöperation.

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An analysis of war and post-war public finance, with useful statistical tables based on official data.

DIE ZERRÜTTUNG DER WELTWIRTSCHAFT. By E. Schultze. Stuttgart: Kohlhammer, 1923, 782 pp.
The author accepts the conclusions of Spengler that the ascendency of Europe is a thing of the past.

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One of the best of the journalistic surveys of post-war Europe.

DIE VERSCHULDUNG EUROPAS. By W. Mautner. Frankfort: Societäts-Druckerei, 1923, 215 pp.
A relatively objective analysis of the responsibility of the old European system for the present general debâcle.

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A competent technical study of the situation in England, France, Czechoslovakia and the United States.

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PLÄNE UND VERSUCHE ZU WAHRUNGSSANIERUNG. By E. Wilmersdörffer et al. Leipzig: Duncker and Humblot, 1923, 165 pp.

A composite book on the monetary policies of Italy, Austria, and Greece, with proposals for Central Europe.

A HISTORY OF THE FRENCH PEOPLE. By G. de la Batut and G. Friedmann, with an introduction by Henri Barbusse. New York: Dutton, 1923, 315 pp.

An original and suggestive general history of France from the liberal point of view.

L'AVIATION ET LA SÉCURITÉ FRANÇAISE. By R. Fonck. Paris: Bossard, 1923.

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An historical and statistical analysis of the French colonials in the World War.

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A valuable anthology of French and Russian opinions supporting and opposing the resumption of diplomatic relations.

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L'ITALIE VIVANTE. By P. Hazard. Paris: Perrin, 1923, 285 pp.

An intelligent effort to interpret contemporary Italy to the French reader.

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An interesting if partisan collection.

LA QUESTIONE ADRIATICA VISTA D'OLTRE ATLANTICO. By A. A. Bernardy and V. Falorsi. Bologna: Zanichelli, 1923.

A pro-Italian account of President Wilson's attitude on the Adriatic question at the Peace Conference, containing some new quasi-official material.

L'ESPAGNE DANS LA POLITIQUE MONDIALE. By A. Mousset. Paris: Bossard, 1923.

A good review of the foreign policy of Spain in the last half-century by a former attaché of the French Embassy at Madrid. The author concludes that Spain's interests require an alliance with France.

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LES PARTIS POLITIQUES EN ALLEMAGNE. By O. Hesnard. Paris: Crès, 1923.

A clear and impartial account of the effect of the war and the revolution on German political parties.

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A critical exposition of considerable value.

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A report on the conditions of the working class in Germany.

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Perhaps the most illuminating of the many volumes of German military memoirs dealing with the late war.

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The most important volume in the memoirs of the former Austrian Chief of Staff.

THE FOREIGN POLICIES OF SOVIET RUSSIA. By A. L. P. Dennis. New York: Dutton, 1924, 501 pp.

A thorough, scholarly, and reasonably objective book.

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LENIN THE MAN. By I. D. Levine. New York: Seltzer, 1924, 209 pp.

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THE NEW POLAND. By N. O. Winter. Boston: Page, 1923, 369 pp.
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A voluminous survey of historical, international and economic factors.

The British Empire

THE LABOUR PARTY'S AIM: A CRITICISM AND RESTATEMENT. By Seven Members of the Labour Party. London: Allen and Unwin, 1923, 96 pp.
An authoritative, moderate, and constructive document.

THE BRITISH TRADE BOARDS SYSTEM. By D. Sells. London: King, 1924, 304 pp.
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THE HISTORY OF IRELAND. By Stephen Gwynn. New York: Macmillan, 1923, 549 pp.
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A readable survey of India today.

MAHATMA GHANDI. By Romain Rolland. New York: Century, 1924, 250 pp.
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A scholarly examination of a rather startling situation.

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MANUEL HISTORIQUE DE LA QUESTION D'ORIENT. By J. Ancel. Paris: Delgrave, 1923.
A lucid and objective account of European diplomacy in the Near East from 1792 to 1923.

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A severe indictment of western imperialism in the Near East.

LE DRAME ORIENTAL ET LE ROLE DE LA FRANCE. By P. Lyautey. Paris: Société d'Éditions Géographiques Maritimes et Coloniales, 1923.

A history of the struggles of Germany and England for the hegemony of the Near East, with a plea for a more determined and better considered French participation.

LA SYRIE SOUS LE MANDAT FRANÇAIS. By P. Clerget. Paris: Revue Économique Internationale, 1923.

An excellent, if enthusiastic, brochure describing the establishment and early results of the French mandate in Syria.

LA FRANCE ET LA QUESTION DE MOSSOUL. By R. de Gontaut-Biron. Paris: Société d'Études et d'Informations Économiques, 1923.

A sketch of the struggle of France and England for the possession of this important oil district.

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A collection of violently anti-Turkish papers.

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A vigorous criticism of the diplomacy at the Lausanne Conference.

LE DRAME ORIENTAL. By B. Bareilles. Paris: Bossard, 1923.

The author holds that France was defeated at Lausanne and predicts the ultimate triumph of Greece in the Near East.

L'AGONIE DES CAPITULATIONS. By A. Mestre. Paris: Editions de la Revue de Paris, 1923.

An extremely clear legal analysis of the capitulations, criticising their inadequacy.

A PALESTINE NOTEBOOK, 1918–1923. By C. R. Ashbee. London: Heinemann, 1923.

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Africa

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A valuable compendium for those interested in foreign trade, somewhat unscientifically compiled.

EQUATORIA: THE LADO ENCLAVE. By C. H. Stigand. London: Constable, 1923, 253 pp.

A thorough study of the southern Sudan and its problems.

L'AFRIQUE OCCIDENTALE FRANÇAISE. By E. Pelleray. Paris: Notre Domaine Colonial, 1923, 132 pp.

A good sketch of economic and administrative problems and achievements.

THE EDGE OF THE DESERT. By J. Dunbar. London: Allen, 1923, 148 pp.

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THE ADMINISTRATION AND POLITICS OF TOKYO. By C. A. Beard. New York: Macmillan, 1923, 187 pp.

A thorough work by a high American authority.

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MEXICO AND HER PEOPLE. By N. O. Winter. Boston: Page, 1923, 548 pp.

A new and revised edition of a comprehensive popular work.

NOTICIA HISTÓRICA DE LAS RELACIONES POLÍTICAS Y COMMERCIALES ENTRE MÉXICO Y EL JAPON. By A. N. Ortega. Mexico City: Publications of the Ministry of Foreign Affairs, 1923.

A semi-official account of Japanese-Mexican relations in recent times.

GLIMPSES OF INDIAN AMERICA. By W. F. Jordan. New York: Revell, 1923, 279 pp.

An interesting sketch of the native life in Mexico, Central and South America.

KULTURGEOGRAPHIE VON BRASILIEN. By B. Brandt. Stuttgart: Engelhorn, 1923.

A competent survey of economic and social conditions in Brazil in relation to the natural resources and physical environment.

Miscellaneous

QUESTIONS OF THE HOUR. By Viscount Milner. New York: Doran, 1923, 173 pp.

Important essays on contemporary English economic problems by one of the most distinguished of English conservatives.

THE WORLD'S LIVING RELIGIONS. By Robert Ernest Hume. New York: Scribner's, 1924, 298 pp.

A compact study.

THE BUSINESS OF MISSIONS. By C. H. Patton. New York: Macmillan, 1924, 290 pp.

A sympathetic exposition of the economic and financial problems involved in modern missionary enterprise.

THE NEWSPAPER AND AUTHORITY. By L. M. Salmon. New York: Oxford University Press, 1923, 505 pp.

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SOURCE MATERIAL

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Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted.

ARBITRATION

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Newspaper references are to the files most widely available. The letters A. P. indicate that the document is to be found in an Associated Press dispatch, and that it is probably available in any newspaper which is a member of that association. Abbreviations: *A.J. I. L., Sup.*, American Journal of International Law, Supplement; *Cong. Rec.*, Congressional Record; *Cur. Hist.*, Current History; *int.*, international(e).

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TABLE A

DEBTS OF FRANCE AND GERMANY

In billions of dollars, calculated at values prevailing on dates incurred

(1920 Population: France, 38,500,000; Germany, 60,800,000)

	FRANCE		GERMANY	
	Billions of Dollars		*Billions of Dollars*	
EXTERNAL DEBT (at par)	3.5	(To U. S.)	29.4	(Reparation Debt)
	3.0	(To G. B.)	1.5	(Special reparation debt for Allied loans to Belgium)
PRE-WAR INTERNAL DEBT (at par)				
34 billion francs at .193	6.6	(Now worth 1/3rd)	5 billion marks at .238 — 1.2	(Now practically extinguished by inflation)
INTERNAL WAR DEBT				
1914— 5 billion francs at .193	1.0		1914 — 8 billion marks at .238 — 1.9	
1915— 17 billion francs at internal purchasing value .138	2.3		1915— 21.2 billion marks at internal purchasing value .167 — 3.5	
1916— 19 billion francs at ditto .103	2.0		1916— 28.3 billion marks at ditto .156 — 4.4	
1917— 20 billion francs at ditto .074	1.5		1917— 34.5 billion marks at ditto .133 — 4.6	
1918— 49 billion francs at rate of 31 December, 1922 .0734	3.6		1918— 47.3 billion marks at ditto .11 — 5.2	
	110	10.4 (Now worth 4/5ths)	139.3	19.6 (ditto)
POST-WAR INTERNAL DEBT				
21 billion francs (other than Reparation Loans to 31 August, 1922) .0734	1.5		To 31 March, 1922:	
			1919— 32.2 billion marks at internal purchasing value .057 — 1.8	
			1920— 67.5 billion marks at ditto .021 — 1.4	
			1921— 93.5 billion marks at ditto .016 — 1.5	
			1922— 24.5 billion marks at ditto .0009 — 0.02	
			217.7	4.72 (ditto)
REPARATION LOANS (To 31 August, 1922, at rate of 31 December, 1922)				
Reconstruction, 55 billion francs at .0734	4.0			
Pensions and Separation Allowances, 33 billion francs at .0734	2.4			
TOTAL DEBT, BILLIONS OF DOLLARS	31.4			56.42

PER CAPITA, IN DOLLARS: FRANCE, $816; GERMANY, $928

PRESENT WORTH OF FUTURE REPARATION REQUIREMENTS FOR FRANCE AS ESTIMATED AUGUST, 1922		*ALLOWANCE FOR GERMAN PENSIONS (See text)*	3.7
Reconstruction, 55 billion francs at .0734	4.0		
Pensions, 36 billion francs at .0734	2.7		
TOTAL DEBT, PRESENT AND PROSPECTIVE, BILLIONS OF DOLLARS	38.1		60.12

PER CAPITA, IN DOLLARS: FRANCE, $990; GERMANY, $988

TABLE B

DEBTS OF FRANCE AND GERMANY

In billions of dollars, calculated at rates of exchange current at end of 1922

	FRANCE	GERMANY
	In Billions of Dollars	
EXTERNAL DEBTS (at par)	3.5	29.4
	3.0	1.5
INTERNAL DEBTS		
France—253 billion francs to 31 August, 1922, at .0734	18.6	
Germany—362 billion marks to 31 March, 1922, at 7250 marks to dollar		.05
TOTAL IN BILLIONS OF DOLLARS	25.1	30.95

PER CAPITA, IN DOLLARS: FRANCE, $652; GERMANY, $510

PROSPECTIVE DEBT		
France—91 billion francs at .0734	6.7	
Germany—Allowance for German pensions (see text)		3.7
TOTAL, PRESENT AND PROSPECTIVE, BILLIONS OF DOLLARS	31.8	34.65

PER CAPITA, IN DOLLARS: FRANCE, $825; GERMANY, $570

TABLE C

THE BRITISH DEBT, MARCH 31, 1922

	In Billions of Dollars $ at Par	$ at Rate of 31 Dec., 1922 (4.64)
EXTERNAL: TO U. S. (as finally fixed, 1923)	4.6	4.6
INTERNAL: £6,620,000,000	32.2	30.7
TOTALS IN BILLIONS OF DOLLARS	36.8	35.3
PER CAPITA, IN DOLLARS,	$783	$751
DEBTS OWING TO GREAT BRITAIN		
By France	3.0	2.8
By Italy	2.3	2.2
TOTALS IN BILLIONS OF DOLLARS	5.3	5.0
PER CAPITA, IN DOLLARS, IF INTERALLIED DEBTS ARE PAID:	$670	$644

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TABLE D

PAYMENTS BY GERMANY TO DECEMBER 31, 1922

	Millions of Dollars	
CASH		454
DELIVERIES IN KIND		
Ships	177	
Rolling Stock	207	
Abandoned War Material	79	
Coal, Coke and Lignite	237	
Livestock	40	
Dyestuffs	15	
Miscellaneous	134	
		889
STATE PROPERTIES IN CEDED TERRITORIES (excluding Upper Silesian plebiscite area)		639
TOTAL PAYMENTS BY GERMANY, MILLIONS OF DOLLARS		1,982
MISCELLANEOUS RECEIPTS		3
TOTAL RECEIPTS BY THE REPARATION COMMISSION, MILLIONS OF DOLLARS		1,985

TABLE E

DISTRIBUTION OF GERMAN PAYMENTS MADE TO DECEMBER 31, 1922

IN MILLIONS OF DOLLARS

TO POWERS SHARING IN REPARATION	*For Army Costs, Etc.*	*For Repayment 1920 Coal Loans to Germany*	*Balances Over For Reparation*	*Total*
France	315	60	98	473
Great Britain	236	23	28	287
Italy	3	7	51	61
Belgium	58	8	364	430
Japan			17	17
Serbia			38	38
Deliveries to Other Powers			15	15
	612	98	611	1,321
MISCELLANEOUS ITEMS				
State Properties to Poland				444
State Properties to Danzig				77
Loss in Value of Ships Delivered				98
Miscellaneous Suspense Items				36
Cash on Hand and Accounts Receivable				9
				1,985

NOTE—Commencing 1 May, 1922, the total Costs of the British, French and Belgian Armies of Occupation were reduced to about 50 million dollars per annum.

TABLE F

SUMS SPENT, AND TO BE SPENT, BY FRANCE TO COMPLETE REPARATION

IN BILLIONS

	Already Spent (Aug., 1922)		*Present Worth of Amounts Estimated to Complete (Aug., 1922)*		*Total*	
	Francs	*Dollars*	*Francs*	*Dollars*	*Francs*	*Dollars*
Reconstruction	55	4.0	55	4.0	110	8.0
Pension and Separation Allowances	33	2.4	36	2.7	69	5.1
TOTAL IN BILLIONS	88	6.4	91	6.7	179	13.1